

ALGHAF MARINE DMCC

QUARTERLY MARKET & TRADING REPORT

Q1 2026

EN590 Diesel • Jet A-1 • Fuel Oil RMG 380
DMCC Free Zone, Dubai, UAE

1. Executive Summary

Q1 2026 proved to be one of the most turbulent quarters for petroleum product markets in recent years. Geopolitical escalation in the Middle East, the partial closure of the Strait of Hormuz in February and March 2026, and successive tightening of US sanctions created fundamentally new operating conditions for independent traders.

Against this backdrop, Alghaf Marine DMCC continued active trading across three core product lines: diesel EN590 (10 ppm), aviation fuel Jet A-1, and heavy petroleum products Fuel Oil RMG 380. The company operated under conditions where spot volume deficits in Europe, panic across Asian markets due to supply disruptions, and escalating banking sector complications demanded non-standard, rapid operational decisions.

Key Quarter Results: Despite external shocks, the company maintained continuity of trading operations through a flexible settlement model and diversification of supply channels. The transition to stage-based settlement and digital settlement instruments minimised dependence on correspondent banks while maintaining full operational transparency for counterparties.

⚠ MARKET REALITY CHECK

- 80% of incoming inquiries are non-executable
- LC/SBLC transactions are delayed or blocked in most jurisdictions
- Banking compliance has become the primary bottleneck in oil trading

Buyers who are not structurally prepared for modern settlement mechanisms are unable to execute transactions in 2026 market conditions.

1.1 Product Portfolio Structure

EN590 10ppm remained the primary product by volume. Demand from Africa and Southeast Asia provided a steady flow of inquiries, though counterparty quality required rigorous screening — the market is saturated with pseudo-brokers and LOI collectors who lack genuine buyer mandates.

Jet A-1 exhibited heightened demand volatility against the backdrop of an aviation fuel crisis in Asia and Oceania, triggered by Hormuz disruptions. A number of Southeast Asian airlines shifted to strict fuel economy mode or cancelled routes, creating both deal disruption risks and windows for expedited deliveries at premium prices.

Fuel Oil RMG 380 was characterised by the highest price volatility. The bunker market in Fujairah experienced severe congestion, manifesting in unstable spreads and complicated logistics.

2. Global Market Overview

2.1 Macroeconomic Context & Geopolitics

The beginning of 2026 was marked by acute geopolitical instability in the Persian Gulf region. Military escalation around Iran in February–March led to the temporary closure or significant restriction of transit through the Strait of Hormuz — the world's most critical oil trade artery, through which approximately 20% of global hydrocarbon supply passes. The impact rippled through the entire supply chain: from surging vessel insurance premiums to jet fuel shortages across Asia and Australia.

In parallel, US sanctions policy continued to evolve. In October 2025, OFAC imposed personal sanctions against Lukoil and Rosneft structures, causing several Chinese state banks to temporarily suspend processing of payments linked to Russian oil flows. By January 2026, China was receiving approximately 1.5 million barrels per day of Russian crude by sea, but the Urals discount remained under pressure due to settlement complications.

Context for Alghaf Marine: The Hormuz crisis elevated the strategic value of Fujairah as a storage and transshipment hub. Companies with access to alternative supply routes and independent of traditional banking channels gained a decisive competitive advantage.

2.2 EN590 Diesel Market

The EN590 diesel market in Q1 2026 was influenced by several concurrent factors. Spot volume shortages in Europe intensified as flows from the Black Sea region were redirected and demand grew in the agricultural and transport sectors. According to ARA market data, physical EN590 cargoes in February 2026 traded in the range of \$1,420–\$1,690 per metric tonne on CIF delivery to Northwest European ports — at a substantial premium to the ICE Gasoil futures contract.

On Black Sea supplies, Novorossiysk maintained its status as the primary FOB hub. However, operational risks — including elevated insurer scrutiny, freight disruptions, and banking settlement complications — compressed margins on physical trades from this region. Traders with access to alternative supply sources and direct trade relationships gained comparative advantages.

Parameter	Value / Range	Trend vs Q4 2025
EN590 FOB Black Sea	\$600–680 / MT	Stable / moderate growth

EN590 CIF ARA (physical)	Elevated premiums vs ICE Gasoil	Short-term spikes observed during supply disruptions
Spread to ICE Gasoil	+\$275–430 / MT	Widening
Price fixing >3 months	High risk	Not recommended

2.3 Jet A-1 Aviation Fuel Market

The Jet A-1 market in Q1 2026 came under exceptionally high pressure. IATA recorded an average annual jet fuel price of approximately \$88–90 per barrel for 2025, but under the Hormuz crisis, regional spreads surged sharply. In March 2026, the global average Jet A-1 price per the IATA/S&P Global index reached \$184 per barrel — versus background levels of around \$88–90 typical of stable periods.

The aviation fuel crisis in Asia and Oceania was distinctly regional in character. Australia, South Korea, Japan, and several ASEAN nations faced physical volume shortages as key regional jet fuel producers — South Korea, Singapore — depended on Middle Eastern feedstocks. Some regional airlines introduced fuel surcharges or reduced routes. This created an atypical pricing environment: scarcity in certain Asian ports alongside surplus at hubs with access to alternative routes.

For traders capable of supplying Jet A-1 to deficit regions at competitive prices, Q1 2026 offered opportunities with atypically high margins. However, realising these opportunities required fast logistics, reliable financing, and a proven settlement structure.

2.4 Fuel Oil RMG 380 Market

The bunker market in Q1 2026 was characterised by the highest volatility across all three product lines. Fujairah — one of the world's largest bunker hubs — experienced severe congestion as logistics routes shifted in response to the Hormuz crisis. Vessels routing around the Persian Gulf significantly increased fuel consumption, creating additional demand pressure.

Fuel Oil price dynamics remained unpredictable: spreads between hubs (Singapore, Rotterdam, Fujairah) shifted sharply within a single week. The operational recommendation for the company is to work within short pricing windows, avoiding long positions and fixed forward contracts beyond 30 days.

2.5 Key Export Hubs

Hub	Role	Q1 2026 Status
Novorossiysk (Russia)	Primary FOB hub EN590 / Fuel Oil	Active — elevated settlement risks
Rotterdam (ARA)	Storage & redistribution centre	Spot volume deficit, high premiums
Fujairah (UAE)	Bunker hub, Middle East transshipment	Congested — arbitrage opportunities
Singapore	Southeast Asia regional hub	Jet A-1 deficit, strong demand

3. Operational Activity

3.1 Trading Model & Infrastructure

The key operational advantage of Alghaf Marine DMCC in Q1 2026 remained its proprietary trading platform — the Trading Portal — displaying real inventory positions at ports, on vessels, and in-transit. In conditions of market chaos, where most participants worked through broker chains with multi-day verification delays, access to real-time inventory data provided a fundamental competitive edge.

The stage-based settlement system enabled structuring transactions so that buyers retained control over funds at every stage. This became a critical argument in negotiations with counterparties who, in conditions of widespread market distrust, applied increasingly stringent standards to advance payment requirements.

Operational Principle Q1 2026: At a time when traditional letters of credit were delayed by 2–4 weeks and bank transfers were returned without explanation, stage-based settlement delivered execution speed without compromising financial security for either party.

EXECUTION FRAMEWORK

1. Buyer registration & KYC verification
2. Trading Portal access granted
3. Application submission (product, volume, discharge port)
4. Stage-based funding confirmation
5. Contract auto-generation
6. Execution & settlement

All transactions are executed exclusively through the Trading Portal.

3.2 Handling Inbound Inquiry Flow

One of the key operational challenges of the quarter was a high volume of non-qualified inbound inquiries. The bulk of approaches — through WhatsApp, Telegram, and broker platforms — consisted of so-called LOI collectors: pseudo-buyers whose objective reduces to obtaining quotations and documentation without genuine intent to transact.

WHY MOST DEALS DO NOT CLOSE

- Lack of Proof of Funds
- Undefined discharge port at inquiry stage
- Attempt to use non-functional banking instruments (LC/SBLC without confirmed bank lines)
- Multi-layer broker chains with no direct buyer mandate

Based on internal estimates, over 80% of initial requests do not convert into executable transactions. Our qualification filters exist to protect both parties' time and resources.

In response, the company applied a multi-stage counterparty qualification system:

- Proof of Funds mandatory before release of any product documentation
- Named discharge port required at first-contact stage
- CIS/KYC verification for all new counterparties

Experience shows that applying these filters at intake eliminates over 80% of non-qualified inquiries at the first communication round — protecting both operational bandwidth and pricing confidentiality.

3.3 Geographic Demand Distribution

Southeast Asia — primarily Philippines and Vietnam — generated consistent demand for EN590 and Jet A-1. According to Kpler data, further demand recovery for petroleum products in the region is expected for 2026, subject to normalisation of the trading environment. Structurally, growth is driven by expanding vehicle fleets, development of fuel infrastructure, and faster growth in aviation traffic relative to mature markets.

Africa — specifically Cameroon, Togo, and Congo — represented a promising but operationally complex market. High logistics costs, instability in local banking systems, and limited storage capacity at destination ports require meticulous supply planning. Nevertheless, diesel demand in Sub-Saharan Africa is structural in nature: the region remains a net importer of petroleum products with a long-term growth outlook.

The Middle East in Q1 2026 conditions exhibited an atypical pattern: countries traditionally considered net exporters experienced localised shortages of certain petroleum products due to export volume diversion and logistics constraints. This created targeted opportunities for supply to non-standard destinations.

Region	Products	Demand Character	Operational Complexity
SEA (Philippines, Vietnam)	EN590, Jet A-1	Structural growth	Medium
Africa (Cameroon, Togo, Congo)	EN590, Fuel Oil	Sustained, non-cyclical	High
Middle East	Jet A-1, EN590	Situational (crisis-driven)	Medium

4. Pricing & Volatility Analysis

4.1 Volatility Structure

Q1 2026 demonstrated a fundamental divergence between volatility at the crude oil level and volatility at the refined product level. Brent benchmarks remained relatively contained, but spreads on physical products — EN590, Jet A-1, bunker grades — experienced sharp and often asynchronous moves. This phenomenon is well understood by participants in the physical market: price normalisation at the futures level does not imply stability at a specific port or on a specific route.

In the case of Jet A-1, an extreme example of this divergence was observed: the global IATA/S&P Global index in certain weeks of March 2026 exceeded \$180 per barrel — while crude futures remained in the \$70–80 per barrel range. The jet crack spread widened to historically elevated levels, creating an atypical market environment.

4.2 Price Pressure Factors

Geopolitics & Sanctions

The Hormuz crisis was the primary pricing factor for Asian markets during the quarter. Temporary restrictions on transit through the strait interrupted supply from the Persian Gulf to Asia, forcing importers to seek alternative sources at emergency prices. In parallel, sanction pressure on Russian trading entities following October 2025 continued to restructure supply routes: a portion of Russian volumes previously flowing to Europe sought new buyers in Asia and the Middle East.

Banking Restrictions

Banks in the UAE, China, and Turkey significantly tightened compliance checks on oil trade transactions — particularly where the intermediary chain could include Russian entities. Reuters documented payment delays to Russian oil companies from banks in these jurisdictions extending for several months. Even in fully legitimate, non-sanctioned transactions, escalating compliance risk caused banks to apply stricter checks, creating operational delays for all market participants.

Speculative Activity

High uncertainty attracted speculative capital to commodity markets. According to industry sources, a number of major commodity traders recorded record profits in Q1 2026, operating in the arbitrage opportunities created by volatility and information asymmetry. This further amplified price movements in the spot market.

Key Pricing Conclusion: Fixing prices on a horizon beyond 60–90 days under current conditions is high-risk practice. The recommended approach is benchmark-differential pricing (ICE Gasoil, Platts Jet A-1 ARA) with short pricing windows and optional volume clauses in contracts. Flat pricing with a long fixing horizon creates one-sided price pressure on the executing party.

5. Risk & Compliance

5.1 Banking Risks — Detailed Analysis

The banking landscape in Q1 2026 for independent oil traders operating through the UAE became radically more complex. Even the largest local banks — Mashreq, Emirates NBD, and others —

significantly tightened internal compliance procedures for oil sector transactions. In practice, this manifested as follows:

- Payment blocking without prior notice — the bank holds a transaction during an extended review period, notifying neither sender nor recipient of status
- Fund returns without explanation — the transaction is rejected and funds returned to the sender; no formal reason is stated in the notification, preventing rapid remediation
- Delays of 2–4 weeks — even on successful compliance clearance, actual payment execution could extend to timeframes critical for transactions with fixed delivery dates
- Written guarantee requests — banks required documentary confirmation of the absence of sanctioned parties in the transaction chain, effectively transferring the compliance function to the trader

Operational Response: The availability of proprietary digital settlement instruments and stage-based settlement allowed the company to minimise dependence on timeliness of bank transfers. Alternative settlement channels — including direct cryptocurrency settlements where applicable — ensured operational continuity during periods of banking delays.

5.2 Counterparty Risk — Multi-Level Verification

The proliferation of fraudulent schemes and pseudo-buyers in the petroleum product market reached a new level in Q1 2026. The typical LOI collector scheme: an agent requests a commercial offer (FCO/ICPO), obtains the company's documentation with pricing, then uses it to trade with third parties or legitimise their own brokerage offering — with no intention of actually paying for delivery.

The multi-stage verification applied by Alghaf Marine DMCC includes several sequential barriers:

- Proof of Funds prior to release of any documentation — the buyer must demonstrate genuine financial backing before receiving any pricing proposals or specifications
- Named discharge port from first contact — inability to specify a concrete discharge port is a signal of a brokered or fictitious position
- CIS/KYC verification — standard procedure for all new counterparties, including review of corporate structure, ultimate beneficial owner, and source of funds
- Intermediary chain control — identification and verification of all intermediate links between buyer and ultimate consignee

5.3 Country & Logistics Risks

Working with African buyers carries additional risks: local currency instability, limited letter of credit capability at some banks, and transit risks when delivering to ports with constrained infrastructure. In Q1 2026, the recommendation is to apply CIF delivery terms with pre-shipment inspection and advance payment or its reliable documentary equivalent.

6. Trading Model Evolution

6.1 From Traditional to Hybrid Model

The traditional oil trading model — letters of credit, correspondent banks, standard broker chains — has not disappeared, but is undergoing systemic transformation. Q1 2026 demonstrated conclusively that companies wholly dependent on traditional banking channels are systemically vulnerable to delays and disruptions beyond their control.

Alghaf Marine DMCC is systematically building a hybrid model combining traditional and digital instruments. The key elements of this model:

- Proprietary trading platform with real inventory — provides the buyer with verified product availability information, eliminating information asymmetry and reducing decision time
- Stage-based settlement — a phased settlement system in which buyer funds remain under their control until each delivery stage is confirmed
- Direct cryptocurrency settlements — applied in transactions where traditional banking channels are non-functional or carry unacceptable delays; used only with verified counterparties
- Automated contract procedures — standardised documentation processes reduce time from LOI to contract and minimise human error

6.2 Competitive Positioning

In conditions where large commodity houses hold an advantage by volume, independent traders compete on speed, flexibility, and service quality. Alghaf Marine's proprietary platform creates a sustainable operational advantage: the buyer works directly with the product holder, eliminating intermediary links and associated delays.

Industry analysts note a consistent trend: in 2026, competitiveness in commodity trading is determined not only by product access, but by the quality of compliance infrastructure, documentation transparency, and reputational reliability. Companies that can demonstrate SGS-certified product, transparent provenance, and a verifiable settlement chain consistently outperform opaque intermediaries.

Parameter	Traditional Model	Alghaf Marine Model
Settlement speed	2–4 weeks (LC/SWIFT)	1–5 days (stage-based)
Inventory verification	Broker's word	Real-time Trading Portal
Bank dependency	Critical	Partial — with alternatives
Buyer transparency	Limited	Full (stage-by-stage control)
Sanctions resilience	Vulnerable	Operationally resilient

7. Outlook for Q2 2026

7.1 Market Conditions

Q2 2026 will likely inherit the principal structural factors of Q1, with gradual normalisation of some as the Persian Gulf situation stabilises. However, several trends are long-term rather than situational in nature and will define the market landscape over the coming quarters.

- Price volatility: will remain elevated, particularly in Jet A-1 and Fuel Oil segments. Diesel EN590 may partially stabilise subject to normalisation of Black Sea supplies
- Banking channels: tightening of compliance procedures in the UAE, China, and Turkey is structural in character — easing in Q2 2026 is not expected. The share of alternative settlements will continue to grow
- Demand in target regions: Southeast Asia shows signs of recovery after the crisis Q1; Africa maintains stable structural demand; the Middle East normalises after the Hormuz shock
- Sanctions landscape: new sanction rounds or easing (along Venezuelan GL 46A–48 lines) are both possible; both scenarios require rapid monitoring for compliance risk management

7.2 Strategic Priorities

- Scaling Trading Portal traffic — B2B channel work: LinkedIn, Telegram channels with market updates, specialist directories (Kompass, TradeKey, Europages)
- Deepening verification procedures — systematising the KYC database of verified buyers as a long-term asset reducing counterparty qualification costs
- Expanding alternative settlement channels — additional payment instrument diversification reduces operational risk during banking delays
- Developing direct hub relationships — strengthening partnerships in Fujairah, Novorossiysk, and SEA ports to secure priority access to physical volumes

8. Strategic Conclusion

Q1 2026 confirmed the systemic thesis:

The traditional bank-dependent trading model is yielding to hybrid and digital systems

Those who control information, settlement, and logistics win — regardless of size.

The petroleum product market in 2026 rewards companies that have built direct supply chains, proprietary payment infrastructure, and transparent documentation procedures. The Hormuz crisis, sanctions pressure, and banking compliance tightening are not one-off events — they are sustained trends defining the new normal for independent traders.

Alghaf Marine DMCC enters Q2 2026 with an operating model adapted to these conditions: a proprietary trading platform with real-time inventory verification, stage-based settlement, diversified settlement channels, and a strict counterparty qualification filter at intake. This combination creates a sustainable competitive advantage in conditions where most market participants are still seeking answers to challenges that became our operational reality in Q1.

The strategic agenda for Q2–Q3 2026: scaling the verified client base, developing inbound traffic to the trading platform, and deepening direct partnerships with key hubs — Fujairah, SEA ports, the Black Sea region. The company intends to convert operational resilience into volume growth, using the current market situation as an opportunity rather than a constraint.

ACCESS TO TRADING

Due to high market volatility and operational risks:

- Access is granted only to verified buyers who have completed full KYC
- Proof of Funds is required before any pricing or product documentation is issued
- All transactions are executed exclusively through the Trading Portal

Qualified buyers gain direct access to verified inventory, real-time pricing, and stage-based settlement — with full transparency at every step.

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