

Delivery summary

- As of August 28, INE crude oil futures inventories have reached 601,000 barrels, which is sufficient to ensure the smooth delivery of 1202 (bilateral positions) lots of SC1809 contract at the end of August 31.
- On September 7, SC1809 completed the delivery successfully, with a total delivery volume of 601,000 barrels and a delivery amount of 293 million yuan (unilateral).
- It is reported that the settlement price of the SC1809 contract is 488.20 yuan / barrel, which is 10.95% higher than the opening price of 440.0 yuan on March 26.

Delivery summary

- The first batch of crude oil delivery was distributed in three designated warehouses, namely Dalian PetroChina Bonded Warehouse, Sinopec Commercial Storage Company Zhoushan Branch, Cezidao Oil Depot and PetroChina Fuel Oil Co.Ltd. Zhanjiang Branch Bonded Warehouse.
- August 31 is the last trading day of SC1809; on September 3, the buyer submit notice of intentions and the seller submits the standard warrants;
- On September 4th, INE matches and allocates standard warrants;
- September 5, the buyer pays and obtain the warrants, and the seller receive the payment;
- from September 6th to September 7th, the seller submitted the invoices and the entire delivery process was successfully completed.

Delivery dynamics

- On June 26, China National United Oil Corporation load-in over 500,000 barrels of high-value Oman crude oil to Dalian Oil Depot, but then canceled 400,000 barrels of warehouse receipts on July 31, and only 100,000 barrels of crude oil left.
- On August 23, another 200,000 barrels of Basra light crude oil was loaded -into Sinopec Commercial Storage Company Zhoushan Branch, Cezidao Oil Depot, and the owner was Unipet(China International United Petroleum & Chemicals Co.Ltd.), a trading company owned by Sinopec.
- China's state-owned oil company Zhenhua Petroleum, PetroChina Fuel Oil Company Limited and a privately-owned company, Shanghai Zhida Hailan Energy Co.Ltd., together with Zhanjiang Oil Depot, one of the designated delivery warehouses, loaded-in 300,000 barrels of Basra light crude oil on August 28. Basra Light Crude Oil is one of the seven lower quality crude oil types that can be used for delivery by the Shanghai Futures Exchange.

Delivery dynamics

- According to the 8 delivery warehouses set up by the exchange, the stocks currently available for delivery are located in Dalian, Zhejiang and Zhanjiang.
- Since the Dalian delivery warehouse is connected to Dalian Petrochemical Pipeline, the 100,000 barrels of Oman crude oil located in PetroChina Dalian Oil Depot can serve Dalian Petrochemical and export-oriented joint ventures.
- The delivery warehouse of Zhoushan Cezidao Island is connected with Shanghai Petrochemical, Waigaoqiao Petrochemical, Jinling Petrochemical, Yangzi Petrochemical, and Ningbo-Shanghai-Nanjing crude oil pipelines, which can serve refineries in East China. However, the Zhanjiang warehouse of PetroChina fuel oil has no pipeline connection with any adjacent refinery, mainly used as a transfer tank. The cost of crude oil transportation from Zhanjiang oil depot to other ports may be a headache for buyers, as the domestic sea freight from Zhanjiang Port in Shandong to Huangdao Port can be as high as US\$2.6/barrel.

Feedback from SC1809 contract delivery participants

- 1、 China United Petroleum Co.Ltd. (seller representative)
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- A related person from China United Petroleum Co., Ltd. Stated, as the seller of the first delivery of Shanghai crude oil futures, has participated in the entire process from transaction, settlement to delivery, the process of trying has a deeper understanding of the rules and processes.

Feedback from SC1809 delivery participants

- 2、Sinochem Energy Technology Co.Ltd. (buyer representative)
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- Yu Yingjiao, deputy general manager of Sinochem Energy Technology Co., Ltd., said that from the perspective of the participation process, the delivery mechanism is relatively smooth. Bonded delivery of crude oil futures is not directly related to import qualifications and quotas, and many companies don't know much about the futures delivery system. Participating in the first delivery helps companies become more familiar with settlement delivery systems and processes, in order to better use crude oil futures to manage price risk and accumulate experience for better management of production and operation in the future.

Feedback from SC1809 delivery participants

- 3、 Sinopec Group Petroleum Commercial Reserve Co.Ltd. (representative of delivery warehouse)
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- Chen Jie, Director of Sinopec Group Petroleum Commercial Reserve Co., Ltd. ,said that the crude oil warehouse receipts we delivered to the warehouse have the honor to be used by customers for the first delivery, which is a great test for our futures business capabilities. Fortunately, the exchange has already trained in the delivery of business rules and warehouse receipt systems. The company has attached great importance to the futures warehousing business from the leadership to the frontline employees of the oil depot, strictly follow the requirements of futures to provide a full range of services for customers, and actively cooperate with the berthing loading and unloading operations of futures tankers, effectively fulfill the duties of ensuring the quantity, quality and safety of crude oil in the storage process of the warehouse. I believe that with the continuous development of the Shanghai crude oil futures market, more customers will participate.

Feedback from SC1809 delivery participants

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- 4、 Yangshan Shengang International Petroleum Storage and Transportation Co.Ltd. (representative of delivery warehouse)
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- Zhang Weifeng, general manager of Yangshan Shengang International Petroleum Storage and Transportation Co., Ltd., designated delivery warehouse for crude oil futures, said that the first delivery of crude oil futures was successfully completed, marking the closed loop of crude oil futures business process, show that our futures system has withstood the test of the international market. As a futures designated delivery warehouse, since the listing of crude oil futures, our company has received extensive attention from the market and has received many domestic and foreign customers of futures company members, overseas traders such as BP, Shell also came to the company to conduct due diligence. We believe that as the participation of China's crude oil futures market continues to increase, the price discovery function of futures will gradually be reflected, and we are always ready to provide customers with quality warehousing services.

Feedback from SC1809 delivery participants

- 5、~~XXXX~~Futures Co.Ltd. (a representative of trading futures company members)
- Gao Jie, chairman of ~~XXXX~~Futures, said that delivery is a key link between the futures and the spot market. The successful completion of the first delivery of Shanghai crude oil futures means that the contract can pass the market inspection in the whole process of listing, trading and delivery, will lay a solid foundation for the deep participation of domestic and foreign energy companies. ~~XXXX~~ Futures always aims to provide professional services to industrial customers, a series of investigations on the eight major crude oil delivery warehouses were carried out in the early stage, and I am very honored to participate in the first physical bonded delivery since the listing of crude oil futures with our customers. This delivery experience helps us to accumulate practical experience and provide better service to industrial customers.

Feedback from SC1809 delivery participants

- 6、XXX Capital Management Co.Ltd. (Buyer (risk subsidiary of futures company) representative)
- Liu Shengxi, general manager of XXX Capital Management Co.Ltd., said that :
 - (1) The role of XXX Capital in this delivery
 - XXX Capital is a non-industry enterprise for the crude oil category, but considering our business and business objectives, it is imperative to participate in the delivery of crude oil futures. XXX Capital since its inception, always bear in mind the mission of the risk management subsidiary “combination of industry and finance, service entity”, always adhere to the business philosophy of serving the entity enterprise as the core. We have many years of business accumulation in the energy and chemical industry chain. Previously, it has been the main service target of downstream chemical products manufacturers and traders, help them reduce costs and stabilize operations. The listing of crude oil futures provides an important tool for us to better help these companies control price risks, and even creates opportunities for us to serve upstream large chemical companies. Therefore, XXX Capital is mainly engaged as a price risk management service provider in the energy and chemical industry to participate in this delivery and accumulate experience.

Feedback from SC1809 contract delivery participants

- (2) The purpose of Participate in delivery
- Participate in the delivery, the first is to deepen the understanding of Shanghai crude oil futures and open up the channels for physical enterprise customers to participate in the delivery of crude oil futures. Through the actual operation to test our own understanding of trading strategies, delivery qualifications, delivery details, etc, and enrich experience with the entire process related to crude oil futures.
- The second is to deepen the understanding of the bonded business (including bonded warehouse receipts, trade in the bonded area and entrepot trade), and to further prepare for participation in other bonded delivery business.
- Based on Shanghai Futures, it actively promotes spot trade with SC contracts as the benchmark price in the international arena, and develops warehouse receipts such as EFPs, warehouse order conversion, and warehouse receipt pledge.