

Crude Type Comparison

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Crude Oil Classifications

- Crude oil is often classified based on physical characteristics and chemical composition using the terms such as “sweet” or “sour”, “light” or “heavy”
- Two common metrics used for measuring crude oil is API gravity and sulfur content
- API (American Petroleum Institute) gravity is a measure of how heavy or light crude oil is compared to water. “Light” crude oil typically has a higher API reading
- For sulfur content, 0.5% is a key benchmark. When oil has a total sulfur level greater than 0.5%, it is considered “sour”; while content less than 0.5% indicates that an oil is “sweet”
- Lighter crude is easier and less expensive to produce; whereas sulfur content is considered an undesirable characteristic with respect to both processing and end-product quality. Therefore, “light” and “sweet” crude is typically more desirable and valuable than “medium” and “sour” crude
- The API gravity and sulfur content for INE and WTI crude is as follows:

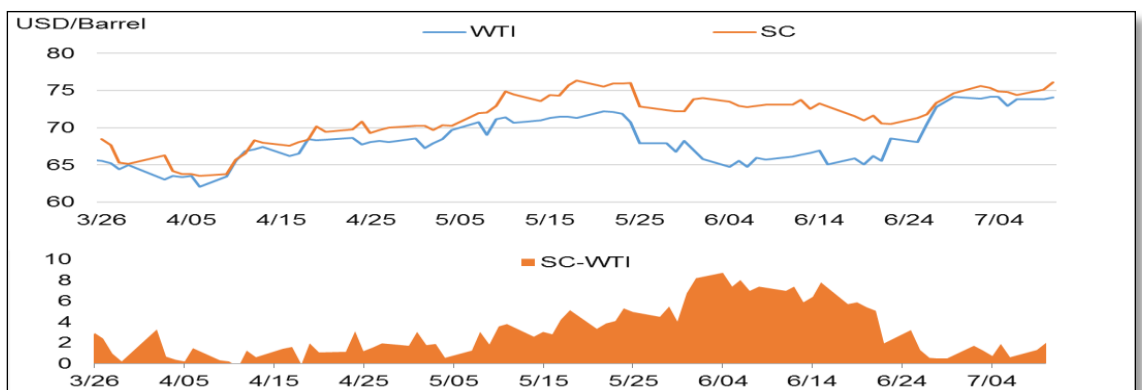
Crude Oil Type	API Gravity (degree)	Sulfur Content (%)
INE (medium sour)*	32	1.5
WTI (light sweet)**	39.6	0.24

Note: *INE website **WTI Wikipedia

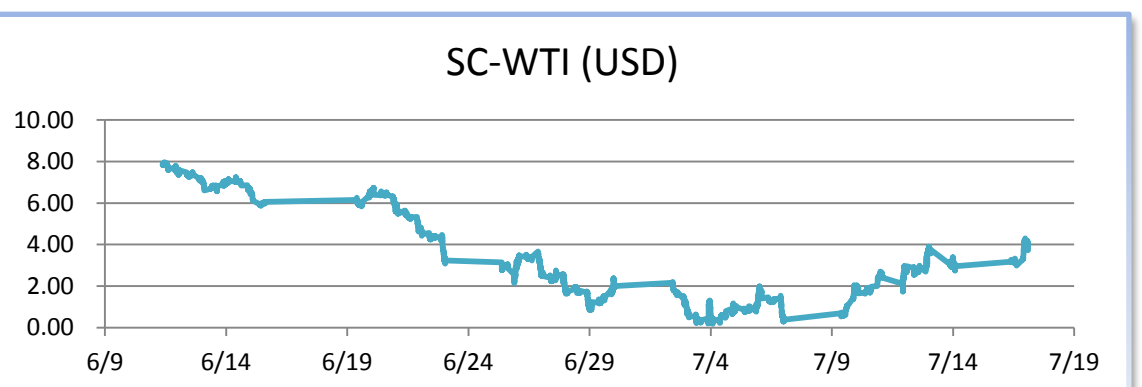
- Therefore, in terms of quality, WTI Crude is considered more desirable and valuable than INE Crude. However, due to geographical reasons and the fast-rising US shale oil production, WTI is trading at a discount to INE. To be sure, WTI is also trading at a discount to Brent Crude, which is a little less light and sweet than WTI

Charts

INE (SC)-WTI spread overview in USD terms (since SC Debut on 3/26)



INE (SC)-WTI spread volatile in the past month



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