

Weekly Market Report







01 October 2024









Latitude
N 55°30'23.8458"
Longitude
E 9°43'44.7468"

Bunker Port Brief

Singapore

	VLSFO	HSFO	MGO
Availability			
Days of notice	10	14	6
Demand			







ARA

	VLSFO	HSFO	MGO
Availability			
Days of notice	5-6	5-6	3-4
Demand			

Heavy loading delays on all products - particularly HSF0/VLSFO where some suppliers are queuing the range of 5-9 days. This has caused the general lead time across all grades to be pushed further out. LSMGO discounts are tailing off with the decreased availability, where we steadily saw -50 to ICE Gasoil last week we now see around -40 levels.

Fuel oil tightness doesn't seem to be slowing down, although in future reports we hope to have more of a positive outlook.

Fujairah







	VLSFO	HSFO	MGO
Availability			
Days of notice	5	4	3
Demand			

Biofuel inq are slowly gaining momentum with x2 B24 VLSFO orders fixed in the past week in Fujairah.

General bunker demand has been strong across all grades and suppliers' avails have increased meaning barge lead times have reduced from appx 12 days down to 4.







Bad weather has had a small impact on bunker suppliers the past week with rainfall also experienced but the forecast is better moving into early October.

New York

	VLSFO	HSFO	MGO
Availability			
Days of notice	4	7	1
Demand			

Liner demand is super strong on HSFO. The whole market is watching if there will be a longshoreman union strike on USEC.







Houston

	VLSFO	HSFO	MGO
Availability			
Days of notice	6	8-5	4
Demand			







HSFO resupply is getting tight due to bulk suppliers cutting production in response to prolonged periods of light demand. Recommending additional lead time for new HSFO inquiries

The dock workers strike is expected to affect Houston demand, especially on the container side. in the short-term avails for VLSFO and LSMGO should remain ok but if large drops in vessel traffic and demand are noticed then bulk suppliers might cut production in response.

Gibraltar

	VLSFO	HSFO	MGO
Availability			
Days of notice	4-5	4-5	5-6
Demand			

Malta







	VLSFO	HSFO	MGO
Availability			
Days of notice	4-5	4-5	4-5
Demand			

Orim is currently without a barge. Saw several hours of waiting time from Ronassons.






Port Louis

	VLSFO	HSFO	MGO
Availability			
Days of notice	3	3	3
Demand			

Durban

	VLSFO	HSFO	MGO
Availability			
Days of notice	3	3	3
Demand			

Walvis Bay

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	3
Demand			

One bullish and two bearish key developments last week in oil markets

In our latest weekly report, we argued based on the 50bp Fed cut, geopolitics, a tight physical market, and stretched positioning that optimism had returned to the crude oil market.

However, the oil market is never boring and last week we got three important pieces of news, two bearish and one bullish, that will set the direction not only short-term but also medium-term for the oil market. The news comes on top of the latest geopolitical developments discussed below.

In the short term, we might see some further downside for Brent, and a test of USD 70 would not be unlikely; that said, we still believe that Brent will edge higher towards USD 80 in 2025.

Three key developments last week

1. The Saudi Arabia flirting with a volume strategy

The Financial Times reported last week that Saudi Arabia is directly seeking to regain market share and is, therefore, ready to accept lower prices for a period. Initially, they are prepared to bring more oil to the market starting on December 1 and implement OPEC+'s plan to increase oil production through 2025 gradually. It could be the first indication that OPEC+ - or rather Saudi Arabia - is shifting towards a "volume strategy" at the expense of the current "price strategy."

Of course, the FT story may not hold water, or Saudi Arabia may be attempting to send a strong signal to quota cheaters such as Iraq, Kazakhstan, and Russia, warning that they are ready to let oil prices fall if overproduction does not cease.

Last week, Russia's oil minister, among others, tried to convince the market that no new decision had been made regarding increased oil production. However, other anonymous sources suggested that there is room for greater production if the quota cheaters reduce their output according to the so-called compensation cuts.

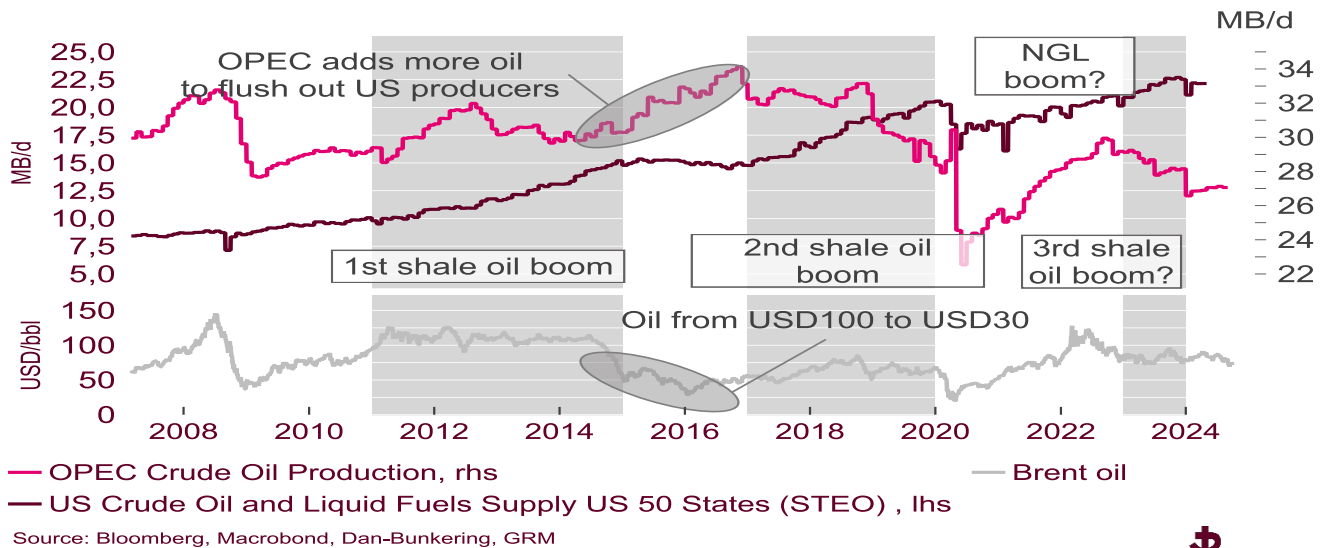
The main concern - or what some might call the "elephant in the room" - for the market is that this situation is beginning to resemble 2014-2015, when OPEC significantly increased production to regain market share from the booming US shale oil producers. However, it may not be as easy this time. US producers are much stronger financially and can withstand a lower oil price. In 2014-2015, the oil price fell from over USD 100 to briefly below USD 30.

Importantly, we do not believe that OPEC+ - or rather Saudi Arabia - is about to enter a trade war like in 2014-15. However, the article and the weak media response from OPEC+ representatives, including Russia and anonymous OPEC delegates last week, have increased short-term downside risks.

OPEC+ will hold its next Joint Ministerial Monitoring Committee (JMMC) meeting on October 2, where discussions about adding more oil will continue, and the quota cheaters will likely face scrutiny. Do not expect a firm conclusion on whether more oil will be added on December 1.

The graph below shows US oil production, OPEC oil production, and the oil price. Note what happened in 2014-15.

US and OPEC production in top chart and Brent oil in the lower chart



2. Libyan oil is about to return to the market

The UN announced an agreement between the warring parties in Libya last week. The parties are reported to have reached a compromise regarding the central bank's leadership. The former central bank chief's dismissal triggered the crisis and an oil embargo from the eastern part of Libya, where most of the country's oil production is located.

The agreement was signed Thursday last week, and it could pave the way for Libyan oil to return to the market, amounting to approximately 0.5 million barrels a day.

Most analysts had expected the Libyan oil embargo to drag on for months. In 2020, a similar conflict took nine months to resolve. Therefore, the quick return of Libyan oil, when the market is concerned about OPEC+ increasing production, could be seen as negative for the market.

3. China takes out the small bazooka

China has been a primary concern in the oil market. The industrially sensitive Chinese economy is cyclically weak and burdened by more structural challenges. Notably, the rapid adoption of EVs and LNG trucks is structurally dampening oil demand. The market has traditionally relied on China to drive global oil demand growth.

However, Chinese authorities rolled out monetary and fiscal easing measures last week. A small rate cut was announced on Monday, and somewhat surprisingly, a press briefing was scheduled

for Tuesday. During the briefing, the Chinese central bank (PBOC) announced a reduction in the key 7-day interest rate from 1.70% to 1.5%, and the reserve requirement for banks - capital that must be held at the central bank - was lowered from 10% to 9.5%. It translates to lower interest rates for financially strained Chinese homeowners and enables funds and banks to borrow from the central bank to buy shares.

Importantly, the Chinese authorities also introduced fiscal easing in various forms. Various ministries and local governments expect to announce specific support measures in the coming weeks. So far, the measures include living subsidies for low-income groups and so-called consumption vouchers. These measures are estimated to be worth around 3% of GDP.

Overall, these are significant easing measures from China, which mitigate some downside risks to Chinese growth. It might not be a big bazooka, but at least it was a small bazooka. Achieving the 5% growth target might even be possible, depending on how quickly the measures are implemented.

The market welcomed these actions. The Chinese stock market surged 15% last week, the CNY strengthened, and China-sensitive copper prices have once again surpassed USD 10,000/MT on the LME.

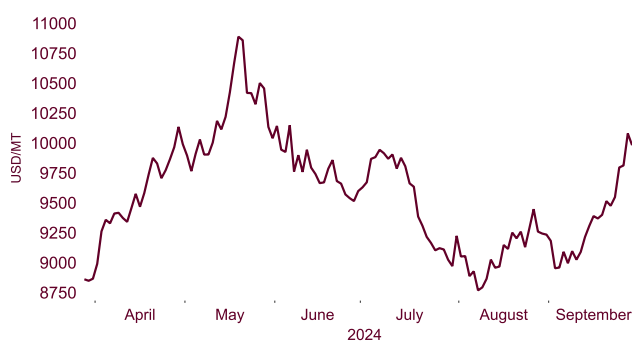
Chinese policy easing push Chinese equities higher ...



— Shanghai Shenzhen CSI 300 Index
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



... and push LME copper above USD 10,000 MT



— LME COPPER 3MO (\$)
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



The Oil Market Disregards Geopolitical Events

Numerous geopolitical events in the Middle East and the Ukraine/Russia conflict have marked 2024, but their impact on the oil market has been limited. The market has concluded that oil production will not be affected.

However, there is genuine concern that Iran - and its oil production - could become more directly involved in the Middle East conflict following the assassination of Hezbollah leader Nasrallah.

The New York Times reported over the weekend, based on Iranian sources, that Iran does not intend to attack Israel. This article may have dampened the reaction in the oil market this week.

Suppose Iran does not respond directly in the coming days. In that case, any geopolitical premium in the oil price will likely fade once again, and the focus will return to the bearish and bullish oil market drivers we discussed above.

The calendar: Labour market report and OPEC+ meeting

This week, energy markets will closely watch several key events and reports.

The US labour market report, including payrolls and the unemployment rate, will be critical in shaping Federal Reserve policy. The market forecasts that 146.000 new jobs will be created in September.

On the geopolitical front, tensions in the Middle East remain a concern, with speculation over Iran's potential involvement as a focal point.

China will also remain in the spotlight, with markets watching closely for any news on fiscal easing measures and the appetite among Chinese consumers during Golden Week to spend money in light of the recent easing measures designed to support consumption.

Any media comments or press releases related to the OPEC+ meeting (Joint Ministerial Monitoring Committee) on October 2 will be scrutinized. Markets will be watching for discussions on recent oil market developments and whether the group will confirm plans to add more oil on December 1. There will also be attention on remarks regarding ongoing overproduction by quota violators, particularly Kazakhstan , Iraq and Russia.

US inventory and implied demand data will remain critical, with Wednesday's Department of Energy (DOE) data taking center stage. US crude oil inventories have dropped in eleven of the last thirteen weeks, but with the arrival of autumn, the pace of inventory drawdowns is expected to slow. Note that recent hurricane activity likely impacted the data.

We will also monitor speculative oil data on Friday after the recent volatility in oil markets.

Overview Charts:

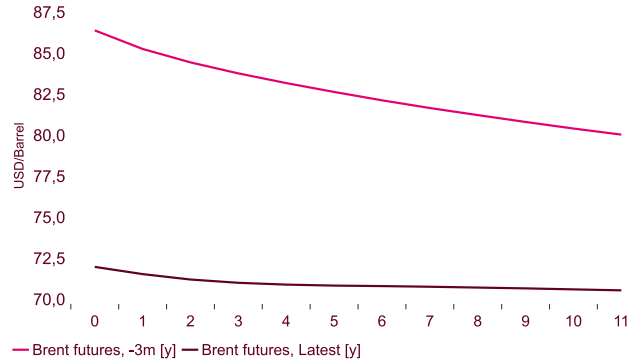
Brent oil



— Brent future, 1st position
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



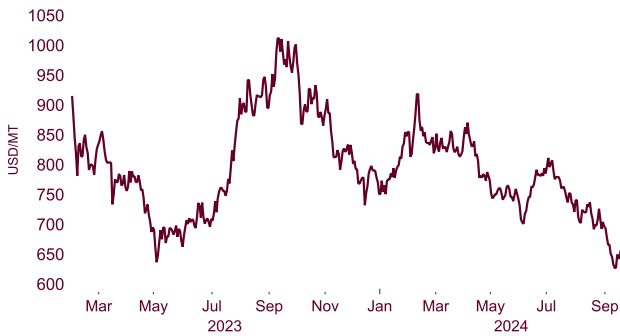
Brent forward curve, indicative prices



— Brent futures, -3m [y] — Brent futures, Latest [y]
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



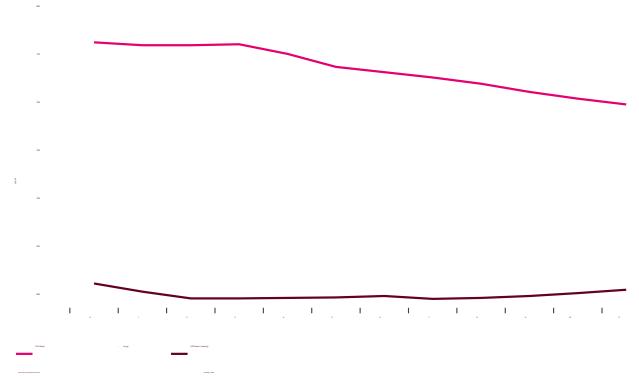
ICE Gasoil



— ICE Gasoil, 1st. position
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



ICE Gasoil, forward curve, indicative prices



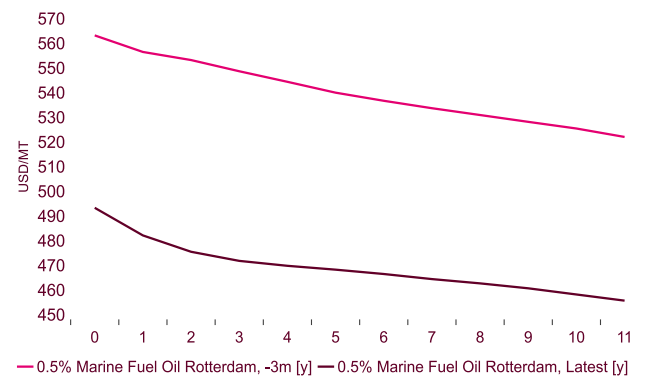
0.5% Marine Fuel Oil Rotterdam Barge, M1



— 0.5% Marine Fuel Oil Rotterdam Barge, 1M
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



0.5% Marine Fuel Oil Rotterdam Barge Forward Curve, indicative prices



— 0.5% Marine Fuel Oil Rotterdam, -3m [y] — 0.5% Marine Fuel Oil Rotterdam, Latest [y]
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



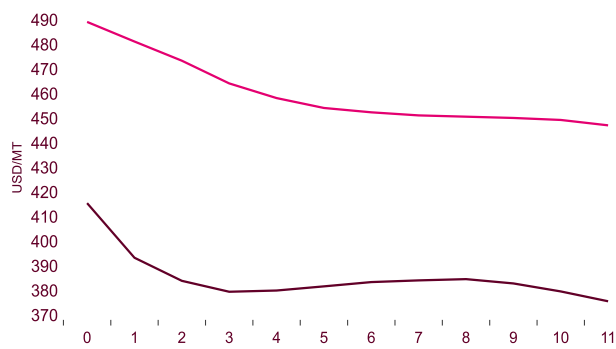
Rotterdam 3.5% Barge



— 3.5% Rotterdam Barge, 1M
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



Rotterdam 3.5% Barge forward curve, indicative prices



— 3.5% Rotterdam, -3m [y] — 3.5% Rotterdam, Latest [y]
Source: Bloomberg, Macrobond, Dan-Bunkering, GRM



Forecasts from Dan-Bunkering

	Spot	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
Brent, USD/bbl	71,8	74,3	77,0	80,0	81,0	80,0	79,5
ICE Gasoil, USD/MT	661	673	700	730	738	730	725
HSFO (1M 3.5% Rotterdam Barge), USD/MT	419	415	425	457	457	451	448
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	494	504	514	527	533	527	525

Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

