Dan-Bunkering
Ride the Next Wave

Weekly Market Report

March 18, 2025

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

Bunker Port Brief

Singapore

	VLSFO	HSFO	MGO
Availability			
Days of notice	6	7	1
Demand			

The Asian LSFO market is likely to remain weak this week, as near-term supplies are ample, while bunker demand is slow. (Note the February sales data in this report).

The Asian HSFO market is supported by limited supply, however, utilitiy demand is set to drop seasonally, as is feedstock demand from refineries.

The Asian gasoil market is seen stable to weakenng as there is an overhang of cargoes frm February.

ARA

	VLSFO	HSFO	MGO
Availability			
Days of notice	4-5	4-5	2-3
Demand			

The LSMGO discounts to ICE gasoil have been moving up for the first time in months. This may in part be linked to the Mediterranean becoming an ECA zone at the start of May. Jan-feb was as low as -\$60/mt to ICE. Currently, the discount is at -\$45/mt. Ex-wharf prices are also reported to be firming for LSMGO.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	7	3
Demand			

Product balance across VLSFO and HSFO remains oversupplied. Barge avails are good and storage levels at FUJ ample. Port of Fujairah released February sales showing the lowest month since records began in 2021. Prices continue to trade in their long term range of recent months for HSFO and VLSFO.

Houston

	VLSFO	HSFO	MGO
Availability			
Days of notice	5-7	5-7	3-5
Demand			

Port conditions within the port of Houston are operating normally. High winds and sea swells offshore and at bolivar roads continue to impact operations and cause intermittent suspension of bunkering operations. Delays possible at these locations.

New York

	VLSFO	HSFO	MGO
Availability			
Days of notice	2	6	1
Demand			

Demand for HSFO remains strong from containers in NYH, have seen downward trend for VLSFO in terms of demand and premium to brent.

Panama

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

Low demand.

Gibraltar

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

Malta

	VLSFO	HSFO	MGO
Availability			
Days of notice	5-6+	10+	5-6+
Demand			

Please keep an eye on the weather, as strong winds might affect supply.

Port Louis

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	2
Demand			

Durban

	VLSFO	HSFO	MGO
Availability			
Days of notice	3	3	n/a
Demand			

Walvis Bay

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	5
Demand			

Bearish fundamentals in the oil market but growing geopolitical premium

The editorial deadline for this edition of the Weekly Market Report was before we knew the outcome of the telephone call between Trump and Putin today.

Since our last issue, the oil market has received plenty of news, yet traders appear to have become resigned to the current situation. Prices still hover around the USD 70 level and lack clear direction, though it seems that a geopolitical premium is once again creeping into the oil price after Israel attacked Gaza overnight.

We have argued that the risk remains to the upside for oil prices in Q2 and Q3 due to the stepped-up US sanctions on Iran, notably after the US attacked the Houthies in Yeman and Trump said he would hold Iran responsible if the Houthies again attacked vessels in the Red Sea.

While we still hold the view that there is an upside for prices in Q2 and Q3, we stress that the risk of a sudden drop in oil prices into the mid-USD 60s is increasing as trade war risks escalate almost daily. A trade war negatively affects global growth, trade, and oil demand.

A key theme for next week's oil market is the possibility of a truce between Russia and Ukraine. In that respect, the telephone call between Trump and Putin today after our editorial deadline will be key. Equally important is whether the US will ease sanctions on Russian energy as part of a ceasefire agreement.

The market will also monitor developments in the rapidly evolving trade disputes between the US, the EU, China, Canada, and Mexico.

Below, we discuss three key themes for the oil market.

- The divergence in the fuel oil market between HSFO and VLSFO
- A ceasefire between Russia and Ukraine
- Tariffs and impact on global growth
- The recent oil market reports from the IEA and EIA

1. Divergence in the Fuel oil market: Still HSFO support, but VLSFO hurt by global growth concerns

Tariffs on oil from Canada and Mexico, sanctions on Venezuela, stricter sanctions on Russia, and upcoming sanctions on Iran have tightened the supply of heavy crude in the global market.

This has supported HSFO prices by reducing the availability of residuals, as refineries increasingly source lighter crude slates such as WTI.

The OPEC+ production cuts have also removed heavy/sour crude oil from the market. Consequently, introducing more OPEC+ oil on April 1 may ease supply constraints, though we expect OPEC+ to halt the plan over the coming months. The US's continuing Russian sanctions suggest continued strength in the HSFO market.

If the US lifts sanctions on Russian oil, supply pressure in the HSFO market may ease, though Russian oil exports are capped by the OPEC+ quota.

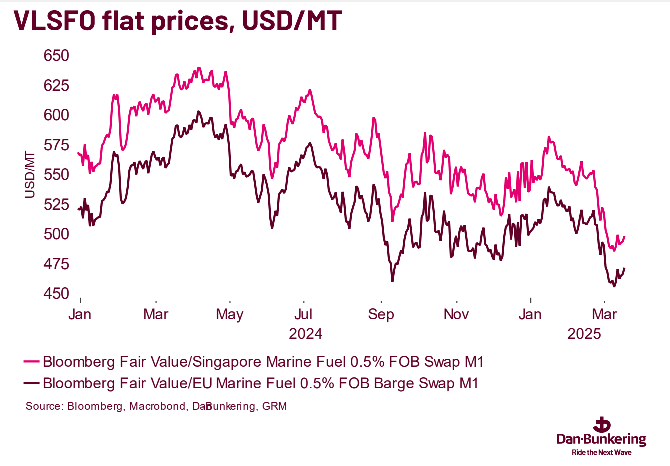
The HSFO paper market is also increasingly focused on the summer peak demand period, when the Middle East burns fuel oil for power generation (driven by air-conditioning demand), and bitumen demand reaches its seasonal peak.

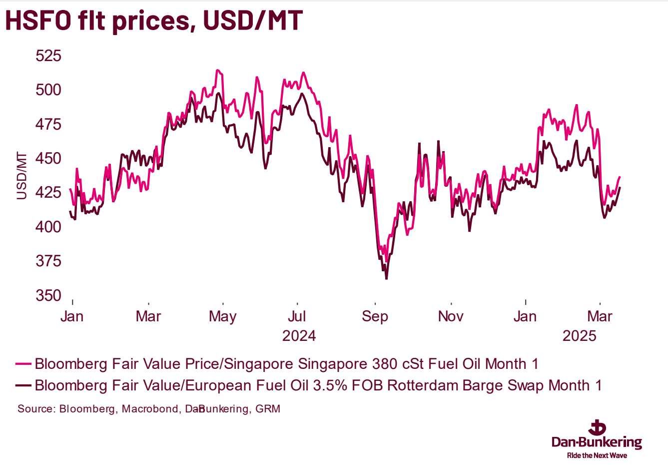
The growing number of vessels installing scrubbers continues to support HSFO bunker sales. Sales data show that HSFO is outpacing VLSFO in growth, particularly in Singapore. Additionally, the ongoing closure of the Red Sea further supports HSFO demand.

Conversely, more business cycle-sensitive distillates and VLSFO may suffer from a weaker economic outlook. Our sourcing staff in the Bunker Holding Group also report that VLSFO remains abundant in major ports and that maritime demand remains muted.

These factors may explain the continued divergence between HSFO and VLSFO and why the scrubber spread or Hi5 spread (the price difference between VLSFO and HSFO), has dropped sharply in both Singapore and Rotterdam.

We believe that VLSFO is starting to look cheap, not only on an outright basis but also vs. Brent (crack) and HSFO (scrubber spread). Despite the drop in flat VLSFO prices, the curve remains in backwardation, which is unusual for this price level. The backwardation makes consumer hedging more attractive.





2. Geopolitics: A ceasefire coming?

Last week, in Saudi Arabia, Ukraine formally accepted the US-drafted plan for a provisional 30-day ceasefire, conditional on receiving US military aid, intelligence support, and an associated minerals agreement.

The proposal has now been presented to Russia, with US Special Envoy Steve Witkoff meeting with President Vladimir Putin in Moscow. According to the Kremlin, discussions showed "cautious optimism," and President Trump called Putin today. Questions remain regarding potential concessions from the US to Russia.

A potential ceasefire is bearish for oil prices. Ukraine has recently had success in targeting Russian oil infrastructure, and an agreement might lead the US to ease sanctions against Russia, particularly in the oil sector, aligning with President Trump's agenda of lowering energy prices.

3. Tariffs: Bad for global growth

The 25% US tariffs on steel and aluminum imports took effect Tuesday morning last week, prompting immediate countermeasures from the European Union on €26 billion worth of US products, including bourbon and motorcycles.

Last week, tensions briefly spiked when President Trump threatened Canada with a 50% tariff increase after Ontario considered imposing export duties on electricity sent to the U.S. Both threats were subsequently withdrawn.

Further escalating tensions, Trump threatened a 200% tariff on all alcohol from the EU if the European Union does not remove its newly imposed tariffs on American whiskey.

Yesterday, US retail sales data indicated that American consumers are cautious with their spending due to tariffs, rising prices, public-sector layoffs, and falling U.S. stock prices. Notably, the consumer confidence numbers for February fell strongly. Furthermore, the OECD revised down its growth forecasts for the U.S., Canada, and Mexico—the three countries most adversely affected by Trump's trade policy.

The economic outlook remains fragile due to the tariffs. That said, fiscal easing in Europe and China is an import counterweight.

4. Monthly oil market reports: Bullish EIA, but bearish IEA

The latest monthly report from the US Department of Energy's EIA highlights a significantly smaller global oil surplus for 2025 than previously forecasted, revising inventory builds from 500,000 to 100,000 barrels per day. This revision reflects reduced global supply due to sanctions on Iran and Venezuela, despite OPEC+ planning increased production.

The EIA projects Brent crude to rise to USD 75 by Q3.

The IEA's oil market report, also published last week, was, on the other hand, bearish. The agency expects that approximately 600,000 barrels will be overproduced every day in 2025, and the surplus could rise to one million barrels if OPEC+ maintains its plans to increase production. Furthermore, this forecast does not even account for tariffs.

Price forecast

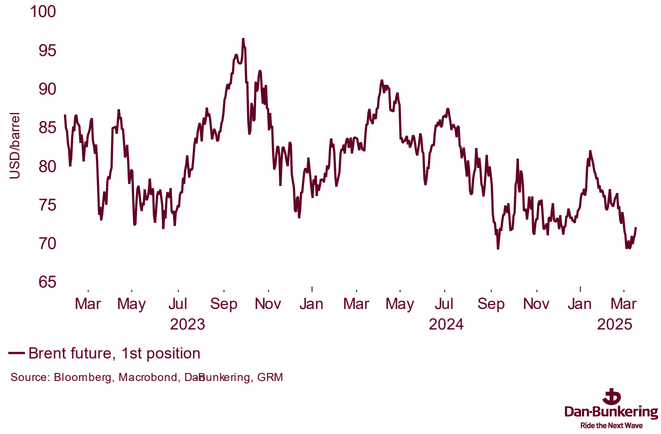
	Spot	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
Brent, USD/bbl	72,0	75	72	72	71	72
ICE Gasoil, USD/MT	664	714	693	708	685	700
HSFO (1M 3.5% Rotterdam Barge), USD/MT	430	449	425	419	406	425
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	472	500	476	476	470	481

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

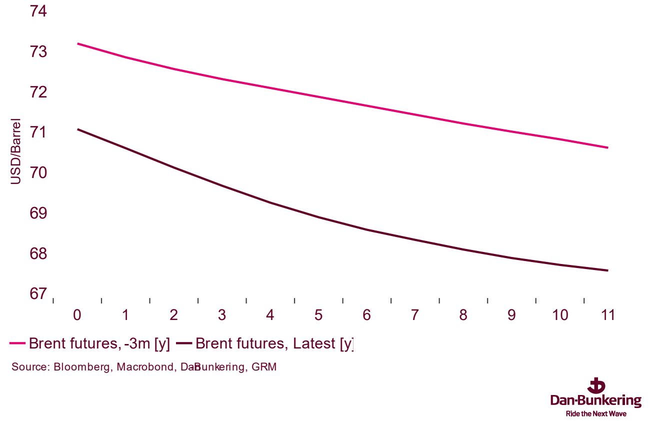
Dan-Bunkering
Ride the Next Wave

Overview Charts:

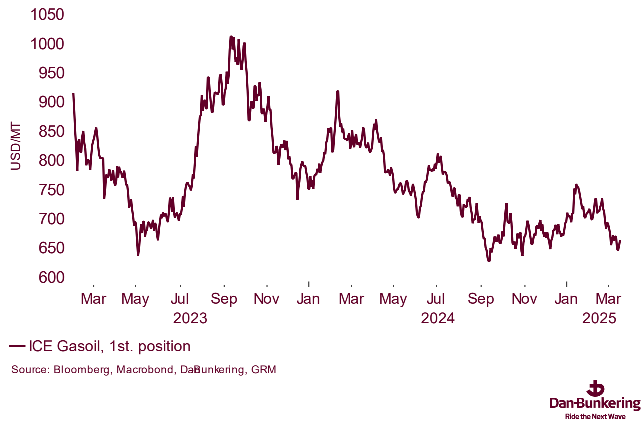
Brent oil



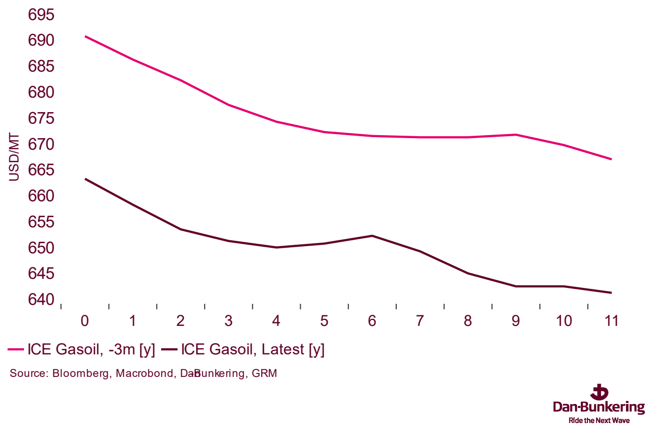
Brent forward curve, indicative prices



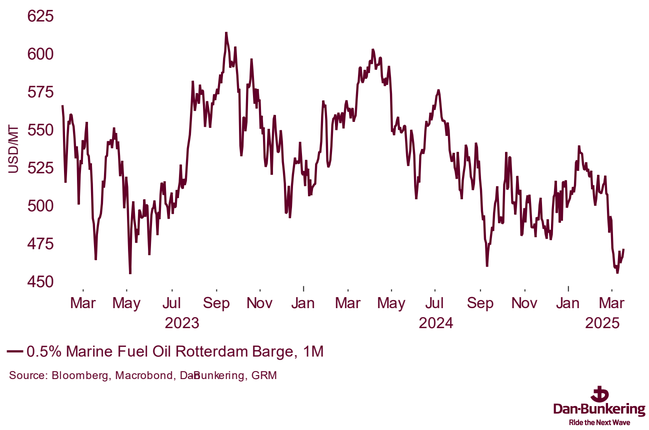
ICE Gasoil



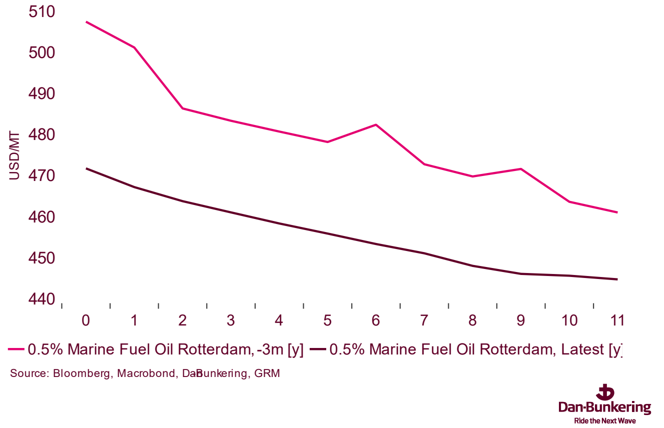
ICE Gasoil forward curve, indicative prices



0.5% Marine Fuel Oil Rotterdam Barge, M1



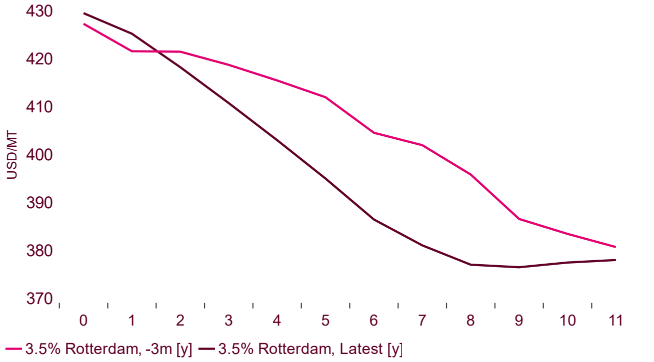
0.5% Marine Fuel Oil Rotterdam Barge Forward Curve, indicative prices



Rotterdam 3.5% Barge

Source: Bloomberg, Macrobond, DanBunkering, GRM

Rotterdam 3.5% Barge forward curve, indicative prices



Source: Bloomberg, Macrobond, DanBunkering, GRM