

# Weekly Market Report

January 14, 2025









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



## Bunker Port Brief

### Singapore







	VLSFO	HSFO	MGO
Availability			
Days of notice	8	11	4
Demand			

The Asian LSFO market is expected to see some upside this week supported by tightening near-term supplies and anticipated stronger bunker demand. Recently unviable arbitrage economics have been limiting inflows from the West. A strengthening in bunker demand is expected ahead of the Lunar New Year holidays in late January.

The Asian HSFO market is expected to remain partially supported by steady bunker demand, although upstream valuations are under pressure due to abundant regional supplies, driven by significant volumes from Russia and the Middle East.







The Asian LSMGO market is expected to weaken over the week, with supply tenders expected to emerge from South Korea in the spot market.

### ARA

	VLSFO	HSFO	MGO
Availability			
Days of notice	2-3	3-4	1-2
Demand			







Seeing increased demand after the slower Christmas and New Year period. Gasoil and VLSFO are particularly in demand and seeing more requests for specific gasoil winter specs. In general avails and loading are both at good points. Seeing slightly more backwardation on gasoil and 0.5, allows us to look into more smart trading concepts on spot enquiries.

### Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	3-6	7-10	2-4
Demand			







Seasonal poor weather appears to be clearing and good outcast for the coming week. Tightness in some barge avails means prompt supplies come at a premium if possible to deliver. Market demand remains steady with the outlook maintaining the same in the coming week ahead.

## New York

	VLSFO	HSFO	MGO
Availability			
Days of notice	2	8	1
Demand			

Demand from the liner segment to USEC is still very heavy related to the potential longshoremen strike which has been averted. We anticipate some "normalcy" to resume with regard to liner terminal terminals and heavy fuel lifting.

## Houston







	VLSFO	HSFO	MGO
Availability			
Days of notice	7-10	7-10	7-10
Demand			

Avails remain tight across all grades as resupply replenishes from the 2024 end.

Heavy congestion at loading terminals. Some bunker barges wait several days to load after tendering NOR.







Weather conditions relating to dense fog and high winds continue to impact bunking operations in Houston Area. The Port has experienced intermittent channel closures, especially overnight and early AM hours. These conditions are common for this time of year and should be anticipated when booking bunkers for the Houston area.

## Gibraltar







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

One supplier has a bit of backlog due to weather this week.







## Malta

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

## 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			

There is no LSMGO in Durban.

## Walvis Bay

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	5
Demand			

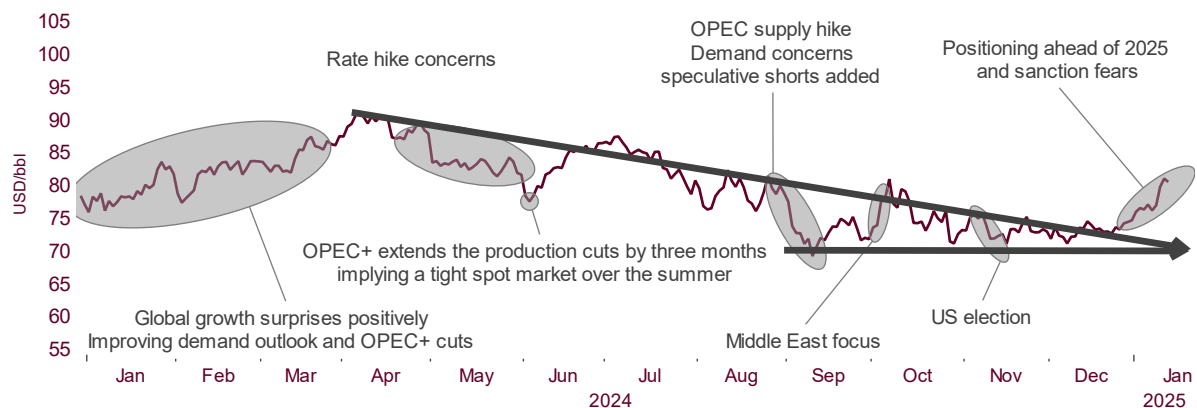
## Tough new US sanctions add to oil scare

The positive sentiment in the oil market, which has prevailed since Christmas, has continued over the last couple of trading days, with Brent trading above USD 81. The March Brent contract has risen close to 12% since December 23.

In the last issue of the Weekly Market Report, we discussed several factors that have recently been supporting oil prices. We noted that the market might be underestimating upside price risks as it entered the new year with many speculative short positions. Lately, all focus has turned to US sanctions on Russia that were announced on Friday.

However, sanctions and speculative flows in the paper market are not the only ones driving prices higher. There are also increasing signs that the physical market balance has tightened and will likely remain tighter than expected.

### Brent above USD 80 for the first time since August last year



— US election

Source: Bloomberg, Macrobond, Dan-Bunkering, GRM


  
Ride the Next Wave

### 1. The outgoing Biden administration present new sanctions on Russian oil and products

On Friday, the outgoing Biden administration announced new sanctions targeting Russian oil and product exports. These sanctions specifically affected two major oil companies, Gazprom Neft and Surgutneftegaz. In addition, 183 ships in the shadow fleet were sanctioned, along with two insurance companies. According to S&P Commodities at Sea, the sanctioned vessels were responsible for transporting 1.6 million barrels of crude oil per day and 200,000 barrels of products (mainly diesel and gasoil). Overall, it appears that one million or more barrels of Russian oil exports could be impacted, although Russia has demonstrated a notable ability to exploit loopholes.

There are already indications that the sanctions are having an effect. Yesterday, Bloomberg reported that an Indian official stated that Russian ships under sanction would not be permitted to offload their cargo in India if the vessels were chartered before January 10. Additionally, tanker rates for non-sanctioned vessels have risen.

Yesterday, ten EU countries announced their intention to lower the current \$60 price cap on Russian oil established by the G7 and to prohibit Russian LNG imports into the EU. However, there is no unified EU stance on these proposals.

For the first time since the war began, the sanctions against Russia are explicitly aimed at directly targeting Russian oil exports. Previous sanctions primarily sought to decrease Russia's energy profits, such as through the introduction of the price cap, but concerns over rising global oil prices allowed for the continued export of Russian oil. This dynamic is now changing.

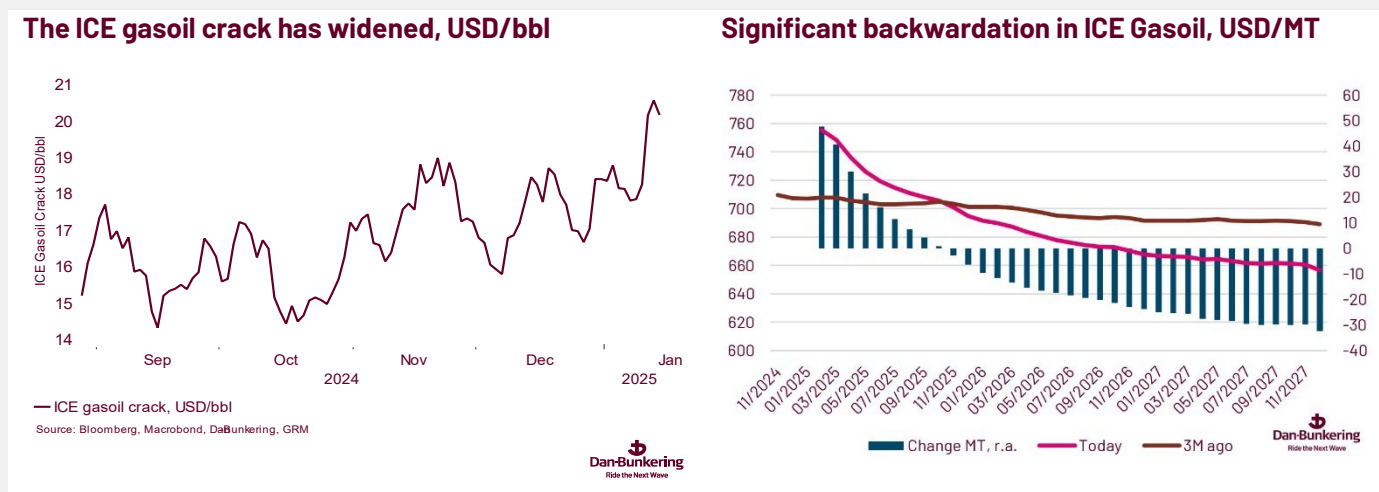
Trump could theoretically lift these sanctions within a week; however, there are indications that the Trump administration has agreed to support Ukraine for an extended period. Reuters also reported that the new administration has been briefed on these issues.

## 2. Wider crack for ICE gas oil and more backwardation in the curve

Recent developments have primarily driven spot prices higher, while oil contracts further out on the curve have risen less. This means that backwardation has become significantly steeper, which could attract speculative money. The latter benefit from buying oil and products in the future at a lower price and subsequently "rolling" up the curve.

The significant backwardation is evident in both gasoil and diesel curves. In ICE Gasoil, the front end is substantially higher than it was three months ago, while the 2026 contracts are lower. This is shown in the graph below.

Russia is a significant exporter of gas oil and diesel, and this morning, the ICE gasoil crack spread is trading above \$20 per barrel, marking the highest level since July 2024.



## 3. Drill baby drill may not be that easy

Last week, we discussed Trump's slogan, "Drill, baby, drill." Trump may seek to remove regulations, streamline permits, improve infrastructure, and offer tax incentives for fossil fuel development, enhancing access to capital.

Furthermore, after our publication deadline last week, Biden announced that he would ban new oil drilling in coastal areas for environmental reasons. Unlike other presidential orders, these protections require legislative change to be overturned, which could further hinder Trump's ability to increase US oil production.

#### **4. Maximum-pressure strategy on Iran is already working**

Last week, we also drew attention to the "maximum pressure strategy" that the Trump administration may introduce towards Iran, which we expect could reduce Iranian crude oil exports by between 0.5 and 1.0 mb/d, down from the current level of around 1.75 mb/d.

There are now signs that the sanctions ramped up by the Biden administration last month are already having an effect. Reuters reported that China's Shandong Port Group has implemented a ban on vessels sanctioned by the US, potentially impeding the offloading of Iranian oil tankers in China.

#### **5. Low inventories another important price driver**

The oil market may physically be tighter than anticipated just a month ago. Oil inventories continue to decline, and some analysts estimate that oil demand in Q1 could be up to 1.6 million barrels higher than in the same quarter of 2024.

The tightness is also evident in the paper market, where the so-called prompt spread in Brent (the difference between the first and second oil futures contracts) has reached its highest level since September. This is typically seen as a sign of a tight spot market.

In WTI, the spot market is particularly tight, with inventories in Cushing, Oklahoma, at only 20.0 million barrels. In practice, these inventories are close to being depleted.

#### **The Market Might Underestimate Price Risks**

We expect Brent oil to trade within a tight USD 68-82 range in 2025. However, with relatively low global oil inventories, OPEC+ eager to push prices higher, and notably, the new sanctions on Russia, there is a growing risk that the market might be surprised on the upside. We are looking into revising our forecast higher for Q1 and Q2.

## Forecast

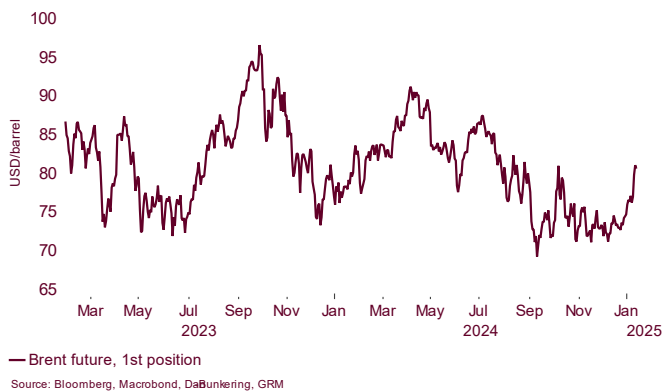
	Spot	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
<b>Brent, USD/bbl</b>	80,6	76	75	75	75	75
<b>ICE Gasoil, USD/MT</b>	744	705	708	708	715	709
<b>HSFO (1M 3.5% Rotterdam Barge), USD/MT</b>	450	442	432	425	425	431
<b>VLSFO (1M 0.5% Rotterdam Barge), USD/MT</b>	526	506	495	495	495	498

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

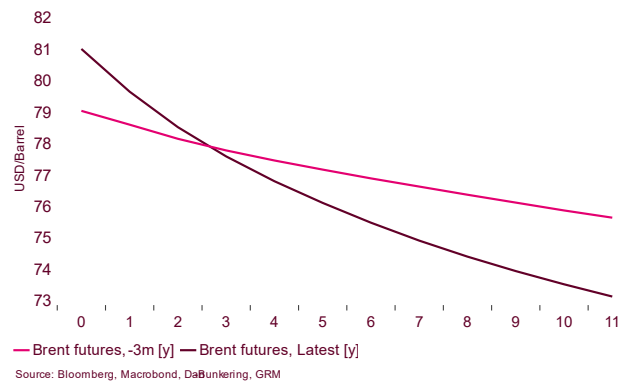


## Overview Charts:

### Brent oil



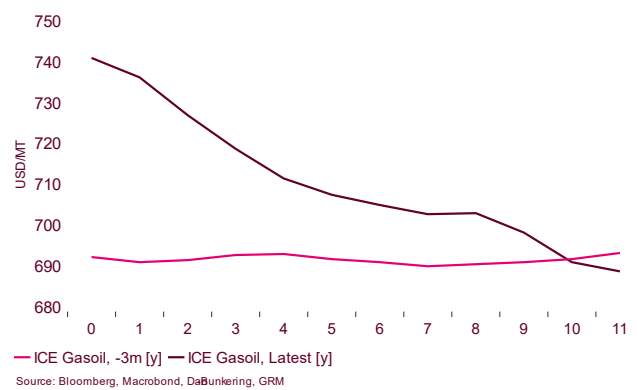
### Brent forward curve, indicative prices



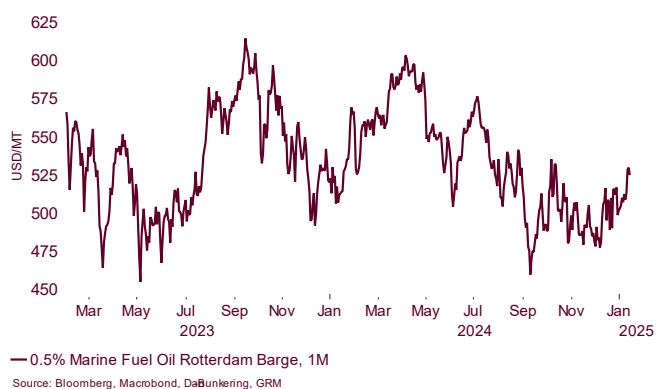
### ICE Gasoil



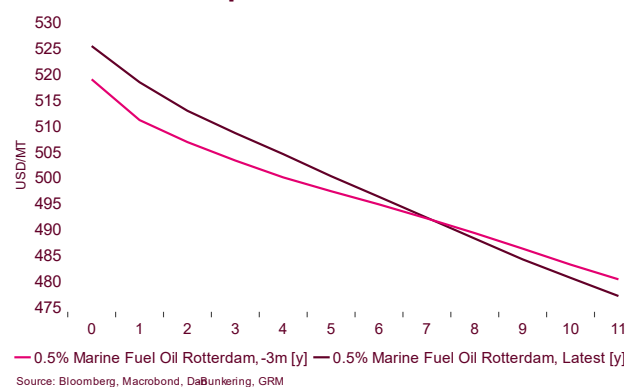
### ICE Gasoil forward curve, indicative prices



### 0.5% Marine Fuel Oil Rotterdam Barge, M1



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



## Rotterdam 3.5% Barge

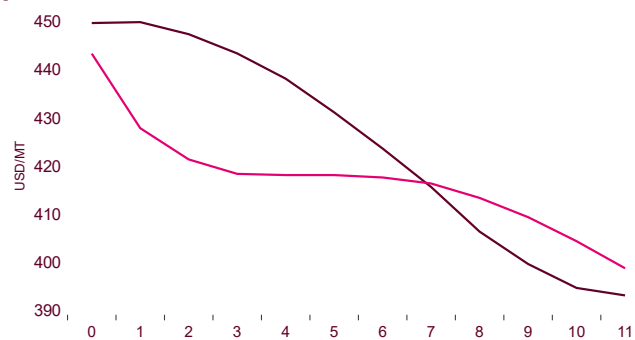


— 3.5% Rotterdam Barge, 1M

Source: Bloomberg, Macrobond, DaBunkering, GRM



## Rotterdam 3.5% Barge forward curve, indicative prices



— 3.5% Rotterdam, -3m [y] — 3.5% Rotterdam, Latest [y]

Source: Bloomberg, Macrobond, DaBunkering, GRM

