Dan-Bunkering
Ride the Next Wave

Weekly Market Report

December 17, 2024

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

Dan-Bunkering
Ride the Next Wave

Bunker Port Brief

Singapore

	VLSFO	HSFO	MGO
Availability			
Days of notice	12	16	7
Demand			

The Asian LSFO market is likely to remain under pressure due to abundant near-term supplies and weak demand leading up to the year-end holidays.

The Asian HSFO market is expected to stay range-bound, supported by steady bunker demand, but rising supplies from the Middle East and Russia may weigh on fundamentals.

The Asian gasoil market could find support from Dec. 16-20 due to a supply crunch for January cargoes, driven by expectations of limited exports from China.

ARA

	VLSFO	HSFO	MGO
Availability			
Days of notice	2,5	3,5	1,5
Demand			

Good avails continue from last week - no disruptions so generally a good buyers' market right now in ARA.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	4	3	2
Demand			

Port of Fujairah, the world's third-largest bunkering hub, Bunker sales dropped to a 17-month low in November, with all categories except for marine gasoil and lubricants showing declines from October, according to data published Dec. 17.

The total fell to 610,347 cubic meters, the lowest since June 2023 and down 4.5% from October and 0.7% from a year earlier, according to the figures published exclusively by S&P Global Commodity Insights.

Low sulfur fuel oil 380 CST grade, the top seller, fell 1% on the month to 399,955 cu m.

High sulfur fuel oil bunker sales in November rose 3.3% from a year earlier but were almost 12% lower from October at 177,152 cu m in November.

Dec bunker flow continues to be slow with subdued demand across all grades.

Bad weather has had some impact on bunker ops with small delays being experienced.

Houston

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

Avails across all grades are getting tight. Expect this to continue through the end of the year and into 1H Jan 2025 as suppliers run their inventories low to avoid end-of-year ad valorem tax

Dense fog is impacting Houston operations. Fog is heavy overnight and early morning hours. Barge movements during these times can be restricted or fully suspended by USCG. This is common for this time of year and typically lasts until the early spring.

New York

	VLSFO	HSFO	MGO
Availability			
Days of notice	10	10	4
Demand			

Demand into the end of 2024 is very heavy for HSFO and we see it continuing into 2025 staring at a potential port strike again. VLSFO demand is very steady as well as LSMGO.

Gibraltar

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

2 suppliers EDD after 26th

Malta

	VLSFO	HSFO	MGO
Availability			
Days of notice	3,5	3,5	3,5
Demand			

Sanctions and improved 2025 demand outlook

In the last issue of the Weekly Market Report, we discussed the outlook for oil prices in 2025. We argued that OPEC+ sees USD 70 as the pain threshold and that we expect Brent oil to trade within USD 68-78 in 2025.

Our baseline view for oil prices was based, among other things, on the following:

- *OPEC+ will not add more oil in 2025*
- *The US will tighten sanctions on Iran.*
- *Demand will improve in 2025 due to Chinese stimuli and strong Asian demand outside China.*
- *Non-OPEC oil will continue to grow briskly.*

Last week, we received some interesting updates on sanctions in 2025 and the demand outlook, as the three oil market reports from the IEA, EIA, and OPEC were released. We will discuss these developments in today's issue.

1. US to return to "maximum pressure" strategy towards Iran and new focus on Russian sanctions

"Maximum pressure" on Iran

Mike Waltz, Trump's national security adviser, stated last week that the US must return to a "maximum pressure" policy on Iran, similar to the approach taken during the final two years of Trump's first term. During his presidency, Trump withdrew the US from the Joint Comprehensive Plan of Action (JCPOA) in 2018, an agreement that placed limits on Iran's nuclear program and introduced tough sanctions. As a result, Iranian oil exports plummeted from 2.25 million barrels per day (mb/d) to just 0.25 mb/d within a year.

Within the Trump administration, there is a belief that Biden has allowed Iran to increase its exports excessively in recent years. Notably, after the start of the war in Ukraine, Iranian oil exports rose to a five-year high, nearing levels last seen in 2016-2017. This development could be interpreted as the Biden administration turning a blind eye to Iran. However, it may also reflect Iran's improved ability to circumvent US sanctions. A significant portion of Iranian exports is routed to China using a shadow fleet.

The Wall Street Journal also reported on Friday that the Trump administration is weighing preventive airstrikes against nuclear facilities in Iran either by US forces or by equipping Israel with advanced weapons that can take out the Iranian facilities.

In our 2025 oil price forecast, set in the low USD 70s, we assume that Iranian exports will decrease by between 0.5 and 1.0 million barrels per day during 2025 as the Trump administration resumes its maximum pressure strategy.

New sanctions against Russia

The Biden administration has recently intensified sanctions against Russia, aiming to isolate its financial system and military-industrial base further. On November 21, 2024, the US sanctioned numerous Russian banks, including Gazprom Bank, to sever the remaining ties between the US and Russian financial systems. Additionally, the administration is considering stricter measures to weaken Russia's oil industry. These potential new sanctions come just a month before Trump takes office.

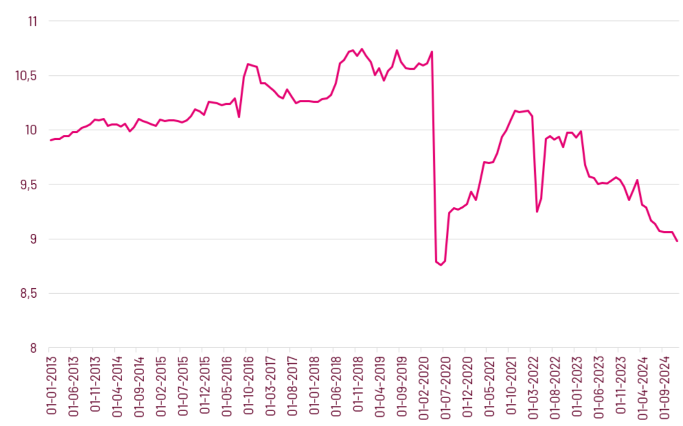
This time, the focus is on directly targeting exports rather than limiting the price Russia receives, as the price cap approach has proven relatively ineffective. The proposed measures resemble sanctions currently imposed on Iran. Sanctions are being tightened because the market is less strained, reducing the risk of significantly rising prices. However, whether Trump will maintain these new sanctions once in office remains unclear.

Last week, the EU also approved its 15th sanctions package against Russia, further intensifying measures in response to the ongoing conflict in Ukraine. The new sanctions specifically target approximately 50 vessels in Russia's "shadow fleet," which have been instrumental in circumventing existing oil and fuel transport restrictions. Additionally, the EU has expanded its list of sanctioned individuals and entities, including those from third countries assisting Russia in evading export controls and bolstering its military capabilities.

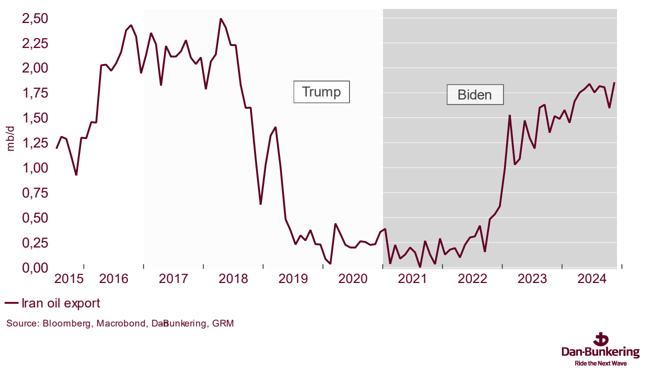
Finally, it was reported yesterday that 12 Northern European countries, including the Nordic and Baltic states, Germany, the Netherlands, and the United Kingdom, will begin checking the insurance status of Russian vessels as they transit key routes, including the Danish straits and the Oresund. Estonia's prime minister stated that the goal is to deter sanctions violations and increase costs for Russia.

However, there are no immediate consequences if ships refuse to disclose their insurance status or do not allow inspections onboard. It is important to note that the Danish straits, among others, are considered international waters. The United Kingdom has a similar system in the English Channel, where one vessel out of 43 contacted has been sanctioned for refusing inspection.

Russian oil production, mb/d



Iranian oil export at risk after the recovery under Biden, mb/d



2. Oil market reports were focused on the demand side in 2025

Last week, the market received the oil market reports from the International Energy Agency (IEA), the US Energy Information Administration (EIA), and OPEC.

The **IEA's report** reaffirmed confidence in sufficient oil supply saying the market remains "comfortable supplied", even if OPEC+ delays planned production increases. It raised its 2025 oil demand forecast by 100,000 barrels per day to 1.1 million barrels per day.

Contrastingly, **OPEC's report** downgraded demand growth for the fifth consecutive time, signalling the group's reluctance to raise output to preserve current price levels.

OPEC's report revised global oil demand growth forecasts downward for the fifth consecutive. OPEC anticipates an increase of 1.61 million barrels per day (bpd) in 2024 and 1.45 million bpd in 2025.

This adjustment reflects concerns over weakening demand, particularly in China and India. Simultaneously, non-OPEC supply is projected to rise by 1.5 million bpd, driven by increased production in the United States and Brazil. Notably, Exxon Mobil plans to boost its oil and gas output by 18% over the next five years, exemplifying this trend.

The **EIA's report** brought surprising adjustments, predicting a deficit of 100,000 barrels per day in 2025, reversing last month's surplus projection of 300,000 barrels per day. This shift is attributed to OPEC+ potentially postponing production hikes. The EIA's forecast for Brent oil averages USD 73.6 in 2025, slightly below its previous projection but above the forward curve at the time of publication.

Meanwhile, the EIA dismissed expectations for a significant US production surge despite Trump's proposed policies to accelerate drilling permits.

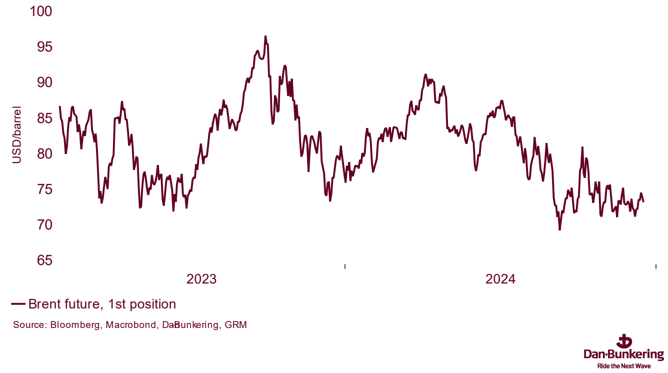
Forecast

	Spot	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
Brent, USD/bbl	73,1	73	73	74	74	74
ICE Gasoil, USD/MT	677	685	693	700	708	697
HSFO (1M 3.5% Rotterdam Barge), USD/MT	427	425	419	419	419	421
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	507	489	483	489	489	487

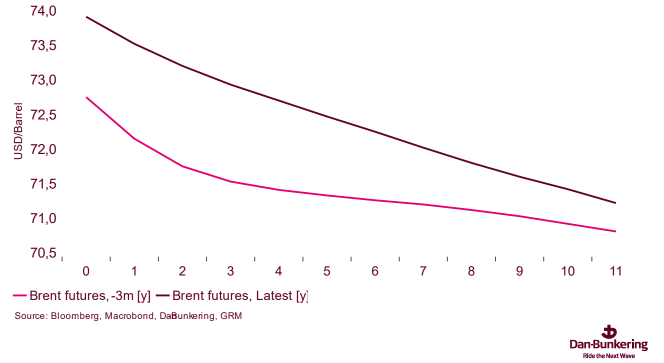
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

Overview Charts:

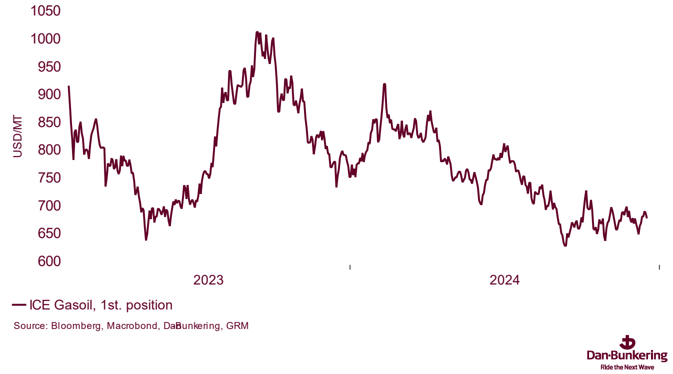
Brent oil



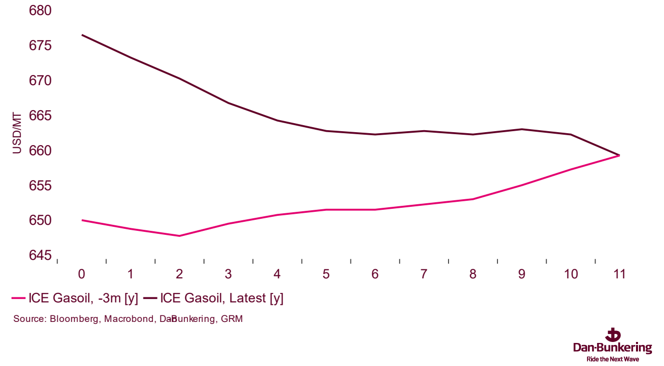
Brent forward curve, indicative prices



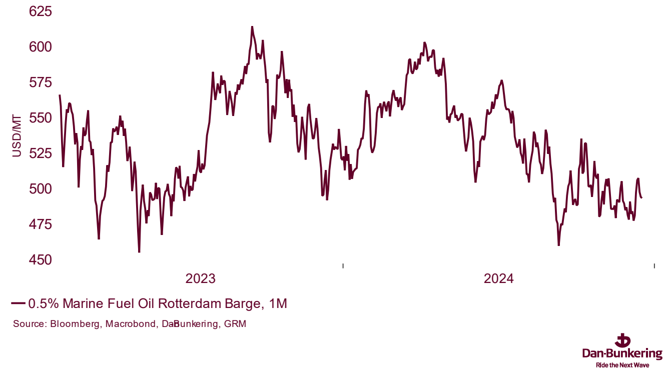
ICE Gasoil



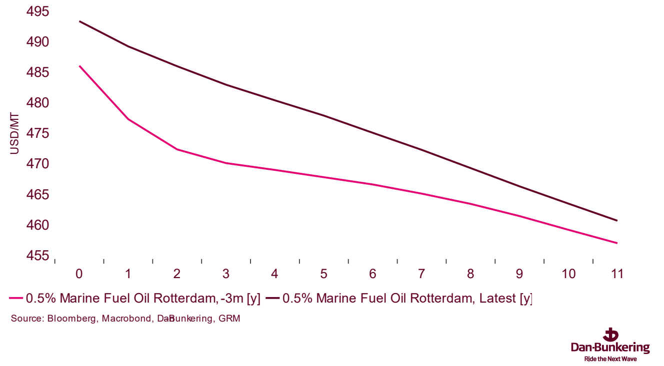
ICE Gasoil forward curve, indicative prices



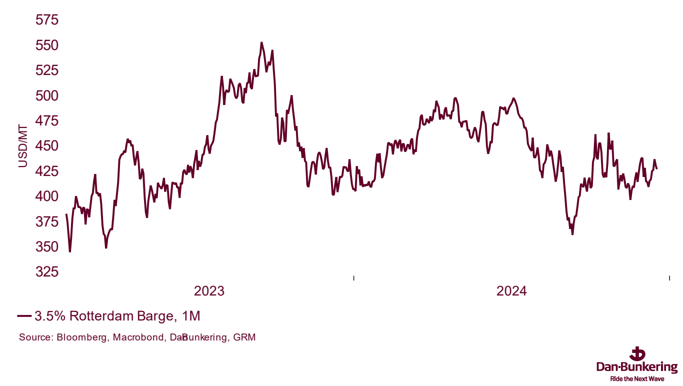
0.5% Marine Fuel Oil Rotterdam Barge, M1



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



Rotterdam 3.5% Barge



Rotterdam 3.5% Barge forward curve, indicative prices