Dan-Bunkering
Ride the Next Wave

Weekly Market Report

November 19, 2024

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

Bunker Port Brief

Singapore

	VLSFO	HSFO	MGO
Availability			
Days of notice	8	10	3
Demand			

The Asian LSFO market dynamics are expected to stay rangebound for the near term, owing to mixed sentiments, though ample inventories for the week ahead could weigh on valuations. The market has moderated to a more neutral/slightly bearish stance as steady flows of LSFO could keep stockpiles replenished.

The Asian HSFO market is expecting steady flows to keep the market well-supplied, while arrivals from South Asia could also add to overall inventory. Despite this, downstream HSFO bunker demand is likely to remain stable for the trading week.

The Asian LSMGO complex could continue to trend downward over the week on the back of expectations of easing supply tightness in December as cargoes from India and the Persian Gulf continue flowing toward the East of Suez.

ARA

	VLSFO	HSFO	MGO
Availability			
Days of notice	6	7	5
Demand			

All grades getting better and better. HSFO cargoes are incoming, which has eased the pressure tremendously also reflecting on cast to paper spread narrowing from mid 30's to 12. MGO discounts are getting higher also showing that this is becoming better supplied. VLSFO remains balanced.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	3	8	2
Demand			

As of Monday, November 11 total oil product stocks in Fujairah rose to 16.465 million barrels with a build of 324,000 barrels or a move up by 2% week-on-week. The weekly stocks movement in Fujairah saw builds for light distillates and heavy residues while middle distillates posted a draw. HSFO remains tight with supplier barge limitations due to high demand booking up slots until end of the month. Pockets of avails remain until the end Nov.VLSFO has tightness up to 4-5 days out but generally the market is still oversupplied with barge capacity outweighing the demand. LSMGO avails are good with prompt avails.

New York

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	7	1
Demand			

Demand from the liner segment remains heavy for HSFO RMK. .5 and MGO demand a bit muted on spot.

Gibraltar

	VLSFO	HSFO	MGO
Availability			
Days of notice	5,5	6	5,5
Demand			

Requesting more notice days if you want all suppliers to quote.

Malta

	VLSFO	HSFO	MGO
Availability			
Days of notice	4	6	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 only one MGO supplier in the market at the moment, hence the higher MGO premium.

Walvis Bay

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	5
Demand			

Oil under pressure, but OPEC+ to add support

The oil price has remained under pressure recently, and Brent front-month is testing the strong support level in the USD 70-72 area. The combination of a stronger US dollar, fewer US rate cuts, Chinese demand concerns and speculations that the Trump administration will be able to boost US oil production are weighing on prices.

Today's edition discusses the recent geopolitical developments in the last three days and the three oil market reports published last week. Overall, they painted a picture of a market that looks increasingly oversupplied.

There are no major key events for the oil market this week to follow, and the market will very much be looking forward to the crucial OPEC+ or Joint Ministerial Monitoring Committee on December 1. Hence, the market will scrutinise any media comments from OPEC "sources".

We expect that the OPEC+ will delay the decision to add more oil to the market for a third time. But it will be a close call. If we see a new delay, we would not be surprised to see a three-month delay until the end of Q1 next year. In our view, delaying yet another month does not make sense. If OPEC+ goes along and confirms that production will increase in January, we expect Brent to drop to the mid to high 60s.

We would also expect the cartel to say that quota compliance has improved. Finally, it might also be discussed if the UAE can get the promised hike in its production quota of 300,000 barrels per day next year.

We do not believe OPEC+ will add more oil to the market in 2025. Given the outlook for non-OPEC+ supply and global demand, there is simply no room for more oil. This means we expect OPEC+ to stick to a "price strategy" that targets oil prices in the USD 70-80 range next year. We also expect OPEC+ to keep a high focus on quota compliance next year.

We still believe that global demand will surprise on the upside next year, rising between 1.25 and 1.5 mb/d based on lower interest and inflation globally in a situation where wage growth remains healthy, paving the way for a jump in real income growth. Stimuli to the US and Chinese should also boost demand. Finally, we believe the market is too optimistic on non-OPEC supply growth. Trump may be inclined to boost US oil production, but it might take longer than it it assumed in the market.

However, it seems that the geopolitical premium will stay low next year, and with an expected USD appreciation, there are undoubtedly also headwinds in oil prices in 2025. Hence, we now see Brent averaging USD 76 in 2025 compared to USD 79 in our previous forecast. In the short term, we should expect a volatile market driven by risk appetite, USD FX and geopolitics. We see oil in a USD 70 to USD 74 range over the coming weeks. See forecast table below.

1. Recent geopolitical events add upside for oil prices

Over the weekend, several important geopolitical developments have emerged:

• On Saturday, Russia launched one of its largest missile and drone terror attacks on Ukrainian energy infrastructure since the start of the war. This, coupled with North Korean troops reportedly present in Russia/Ukraine, has likely influenced President Biden's decision to allow

Ukraine to use the long-range ATACMS system to target Russian and North Korean forces in Kursk. See New York Times report.

• The Financial Times reported on Saturday that the Trump administration has formulated a "maximum pressure" strategy targeting Iran's economy by significantly reducing the country's oil exports. These sanctions are anticipated to be implemented shortly after President Trump assumes office. Iran exports approximately 1.5 million barrels of oil daily, primarily to China. In 2020, exports were only 400,000 barrels per day.

• Gazprom halted gas deliveries to the Austrian gas company OMV on Friday following a court ruling that allowed OMV to withhold payments to Gazprom due to a prior dispute. In response, Gazprom immediately stopped gas deliveries through Ukraine to OMV. However, the same amount of gas still flows through the pipelines, though it remains unclear who receives the gas and how it is sold.

In our assessment, these three events – particularly the news of possible Trump sanctions against Iran – increase the risk premium for oil prices at the start of the week. However, this week's dominant factors will continue to be risk appetite and the dollar, which, at an exchange rate for EUR/USD at 1.05, is trading near its strongest level of the year.

2. Oil market reports painted a bearish picture of the oil market balance

Last week, the three major agencies in the oil market —the Organization of the Petroleum Exporting Countries (OPEC), the International Energy Agency (IEA), and the US Energy Information Administration (EIA)—released their latest oil market reports. They all painted an overall picture of weaker demand growth in 2025 and a potential rise in inventories, notably if OPEC+ goes through with the plans of adding more oil to the market.

OPEC report: Fourth consecutive downward revision to 2024 demand estimate

OPEC's Monthly Oil Market Report for November 2024 presented a more cautious outlook on global oil demand. The cartel revised its demand growth forecasts downward for both 2024 and 2025, citing economic slowdowns in key regions such as China and India. This latest revision for 2024 is the fourth in a row.

Despite the downward revision, OPEC anticipates a demand increase of 1.82 million barrels per day (bpd) in 2024 and 1.54 mb/d in 2025, well above those forecasted by the IEA and the EIA.

Importantly, this report comes ahead of the OPEC+ meeting on December 1, where we believe, as discussed above, that yet another delay in the plans to add more oil to the market will be announced.

IEA: The oil market will see an oversupply of 1 mb/d even without more OPEC+ supply

The International Energy Agency (IEA) raised its forecast for oil demand growth in 2024 by a modest 60,000 barrels per day (b/d) to 920,000 b/d, based on stronger-than-expected demand in the OECD area.

However, the IEA remains quite negative on oil demand growth this year and next, with demand expected to grow by 1.0 million barrels per day (mb/d) in 2025. The IEA, therefore, estimates that next year, there will be an oversupply of up to 1 million barrels per day, even if OPEC does not bring more oil to the market.

EIA: See modest growth in US production

On the one hand, the EIA report from the US Department of Energy was slightly optimistic. It estimated oil demand growth to be 1.0 mb/d in 2024 and 1.2 mb/d in 2025, which is higher than the IEA's forecast. On the other hand, the EIA downgraded its forecast for the Brent oil price in 2025 by one and a half dollars to USD 76. However, the forecast is above today's spot price and the forward curve, which trades at USD 71 for the calendar year 2025.

Note that the EIA bases its forecast on OPEC+ partially fulfilling its goal of adding more oil to the market in 2025. We do not expect an increase in production from OPEC+ in 2025. Hence, the oil forecast is more bullish than it may initially seem.

The report contained a slight upward revision to the US crude oil production forecast, which is expected to average 13.23 mb/d in 2024, with a further increase to 13.53 mb/d projected for 2025. However, this growth rate is slower than the crude oil production growth under Obama and Biden. That said, the agency has not considered any changes to regulations or the approval process following Trump's election.

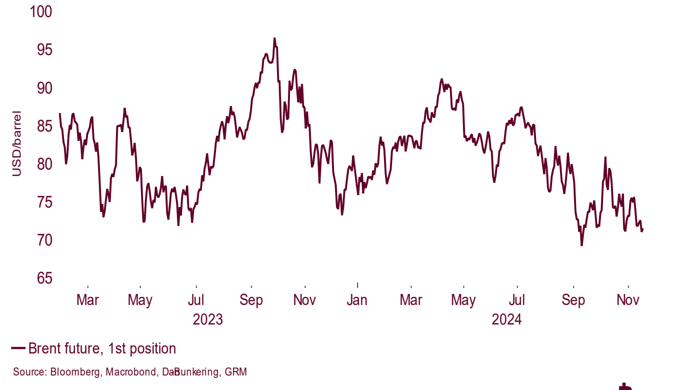
Forecast

	Spot	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
Brent, USD/bbl	71,4	74,0	74,0	75,0	76,0	78,0	75,8
ICE Gasoil, USD/MT	668	671	678	693	700	715	697
HSFO (1M 3.5% Rotterdam Barge), USD/MT	399	425	419	425	425	438	427
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	482	502	495	495	502	514	502

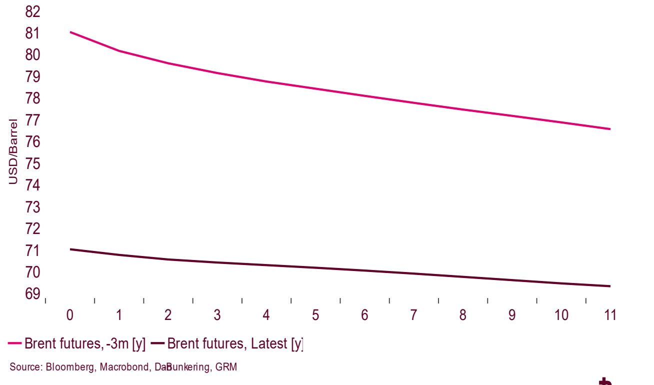
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

Overview Charts:

Brent oil

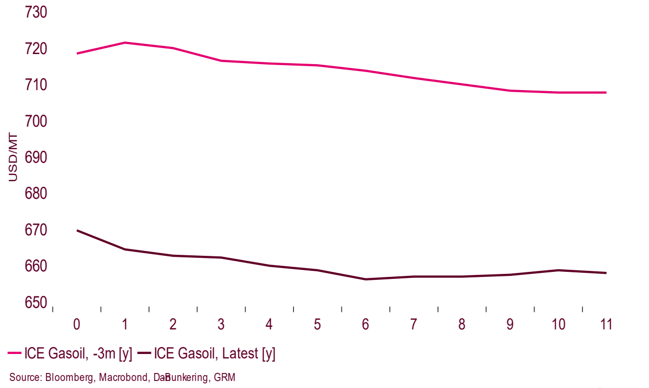


Brent forward curve, indicative prices

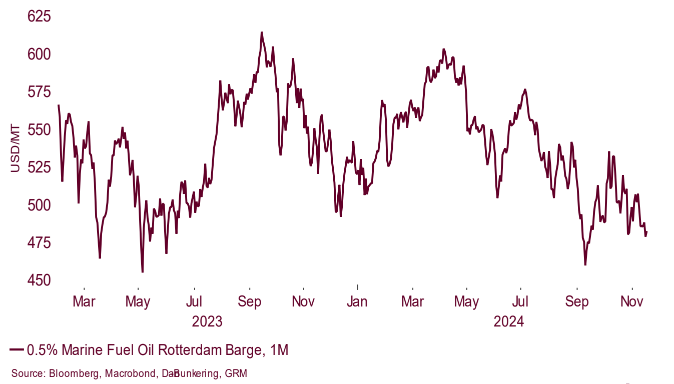


ICE Gasoil

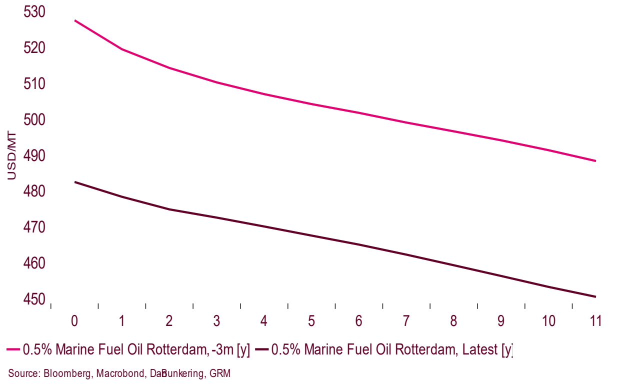
ICE Gasoil forward curve, indicative prices



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