Dan-Bunkering
Ride the Next Wave

# Weekly Market Report

February 11, 2025

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

# Bunker Port Brief

## Singapore

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | ■■■■□ | ■■■□□ | ■■■■□ |
| Days of notice | 7 | 7 | 3 |
| Demand | ■■■□□ | ■■■□□ | ■■■□□ |

The Asian LSFO market is expected to remain relatively rangebound this week, as sluggish bunker demand offsets tightening regional stockpiles. The tightening is a result of fewer arbitrage cargoes from the West.

The HSFO market is expected to garner strength from persistent tightness in overall supplies. This situation has already fueled the refining margin for the benchmark HSFO grade to its strongest level in more than 5 years.

The MSMGO market is expected to weaken over the week, as market participants anticipate lower demand following the end of the winter season.

## ARA

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | ■■■□□ | ■■□□□ | ■■■□□ |
| Days of notice | 2-3 | 4-5 | 1-2 |
| Demand | ■■■□□ | ■■□□□ | ■■■■□ |

Backwardation on VLSFO slowly disappearing, while we see reports that the landscape of HSFO and VLSFO will switch - i.e HSFO to become less available, and VLSFO plentiful. MGO remains well supplied, and currently across all 3 grades we see some decent prompt avails.

## Fujairah

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | ■■■□□ | ■■■□□ | ■■■□□ |
| Days of notice | 4-7 | 7-10 | 2-4 |
| Demand | ■■■□□ | ■■■□□ | ■■■□□ |

Tepid demand past the Chinese New Year holidays in the Middle East has kept suppliers hungry for volume, however this is not always possible currently. Poor weather of late has led to terminal and loading delays, however, the backlog is expected to clear coming days.

## Gibraltar

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | | | |
| Days of notice | 5-6 | 6-7 | 5-6 |
| Demand | | | |

Urge to get inquiries out early as possible, to get full market overview and quotes from all suppliers.

## Malta

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | | | |
| Days of notice | 3-4 | 7-9 | 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 | | | |

We have seen a decline in volume in Durban due to the high price compared to other ports.

## Walvis Bay

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

# Kicking the can down the road

*It has been an eventful few weeks for the oil market since Trump's inauguration on January 20, and it seems this next week will be no different.*

*This week, we will closely follow the three oil market reports from the EIA (Tuesday), OPEC (Wednesday), and the IEA (Thursday). We will focus on how the three agencies assess the impact of tariffs on crude oil demand. This will also be the first EIA report to factor in the "drill baby drill" policy. So far, the EIA has maintained a modest estimate for growth in US oil production. Regarding OPEC, its report will be closely scrutinised to determine whether its forecasts align with OPEC+ plans to add more oil to the market.*

*Last week, we examined two key events: the potential tariffs on Canada and Mexico and the OPEC+ meeting on February 3. Both events 'kicked the can down the road'.*

## 1. Tariffs on Mexico and Canada are delayed. Is the EU next in line for tariffs?

The tariffs on Mexico and Canada—25% and 10% on energy, respectively—were delayed by one month after Trump secured some concessions. Both countries have promised to deploy military forces to the border to curb fentanyl smuggling and human trafficking.

The big question is what will happen in one month. Our main scenario is that there will be no tariffs of this magnitude on Canada and Mexico. Trump has realised that equity markets do not favour tariffs, and as he appears to measure his success and popularity by the level of the S&P 500, it seems that Canada and Mexico are more or less off the hook.

However, China is another matter. Trump has added 10% tariffs, but most importantly, China's response has been very measured and almost symbolic. The 10% and 15% tariffs on US crude and LNG, respectively, are relatively low. From a market perspective, the impact is small. The volume of imports is minimal, and the crude and LNG will simply be redirected to other buyers, mainly in Asia.

Trump may now turn his attention to the EU, which he has also threatened with tariffs. However, the EU has an important bargaining chip. The bloc is more than willing to buy additional US LNG, which will be in abundant supply in the coming years and which China has now imposed tariffs on.

## 2. No news from OPEC+ meeting

The OPEC+ meeting also 'kicked the can down the road'. The cartel confirmed that the plan to gradually increase production from April 1 remains in place. However, it retains the option to postpone the planned increase. Our base scenario is that the plan will take effect as scheduled, but if oil prices fall into the low 70s, we should expect a further delay. As a result, we see strong support for Brent when it approaches USD 72.

A final decision is expected in late February or early March. Notably, there are no signs that the cartel intends to comply with Trump's demands to increase production beyond the agreed levels.

## 3. First new sanctions on Iran

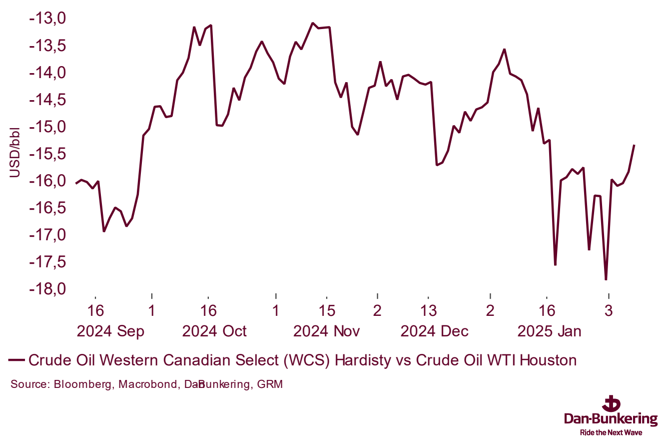
Last week, Trump officially adopted a "maximum pressure" strategy against Iran, and Thursday, the first new sanctions were introduced, targeting a handful of vessels transporting Iranian oil.

However, these sanctions are unlikely to have a significant impact on Iranian exports. The key question is whether they serve as a warning and a classic Trump negotiation tactic or whether Trump—like Biden—is hesitant to impose harsher sanctions on Iran, fearing they could drive oil prices higher. Importantly, the new Iranian president appears more willing to negotiate. Alternatively, this may be the first step in a longer series of new US sanctions on Iran.

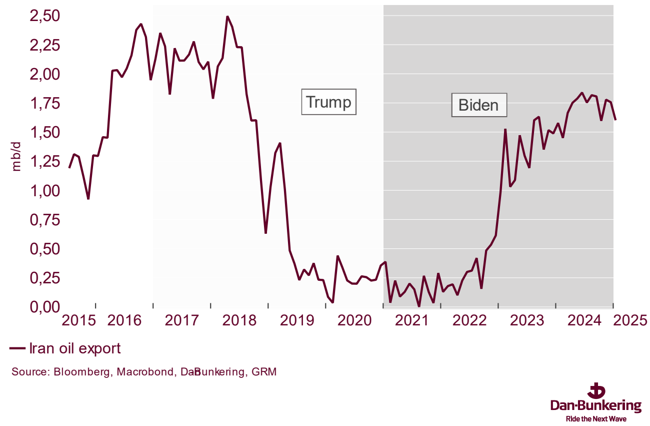
By sanctioning Iran, Trump is not only putting economic pressure on the country and indirectly supporting Israel, but he is also increasing costs for Chinese refineries, which remain the primary buyers of sanctioned Iranian oil.

We continue to assess that US sanctions against Iran will gradually be tightened and, together with sanctions against Russia, will pose an upside risk to oil prices in the 2nd and 3rd quarters. However, the market will likely need to see the effects of these sanctions before oil prices move significantly higher. We expect that sanctions on Iran can remove 0.5 to 1.0 mb/d of Iranian oil export from the world market.

**Canadian oil trades with a higher discount to WTI compared to Q4 despite the tariff delay, USD/bbl**




**Focus on Iranian oil exports as US introduces "maximum pressure" strategy, mb/d**




Growth and risk appetite, adding downward pressure on oil prices. Therefore, the overall effect remains uncertain.

### Price outlook: Risks to the upside in Q2 and Q3

In early January, we revised the expected trading range for 2025 to USD 72–92 for Brent. The wider range reflects increased uncertainty and the upside risks associated with sanctions. Additionally, we raised our expectations for distillate cracks. Our oil forecasts remain well above the Brent oil and product forward curves.

The market is likely to be sensitive to corrections when trading in the mid-to-high 80s. Brent at these levels could trigger a supply response from OPEC+, potentially prompting the cartel to add even more oil. USD 72 is seen as a strong support level, with OPEC+ expected to delay production increases if the price falls below this threshold.

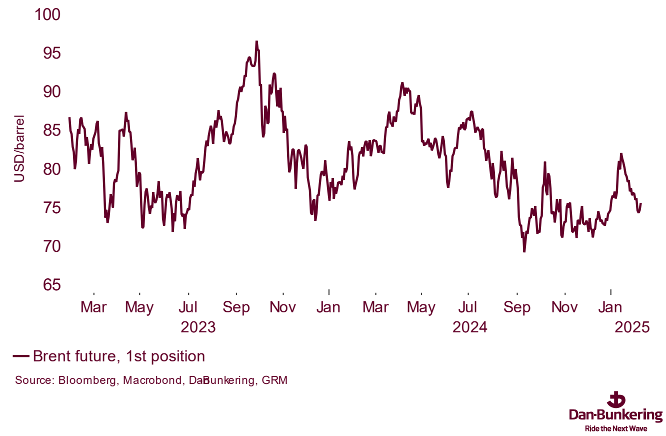
## Forecast

| | Spot | Q1 2025 | Q2 2025 | Q3 2025 | Q4 2025 | avg. 2025 |
|---|---|---|---|---|---|---|
| **Brent, USD/bbl** | 75,6 | 78 | 82 | 82 | 80 | 80 |
| **ICE Gasoil, USD/MT** | 718 | 739 | 780 | 797 | 752 | 767 |
| **HSFO (1M 3.5% Rotterdam Barge), USD/MT** | 458 | 458 | 487 | 483 | 457 | 471 |
| **VLSFO (1M 0.5% Rotterdam Barge), USD/MT** | 510 | 522 | 538 | 540 | 527 | 531 |

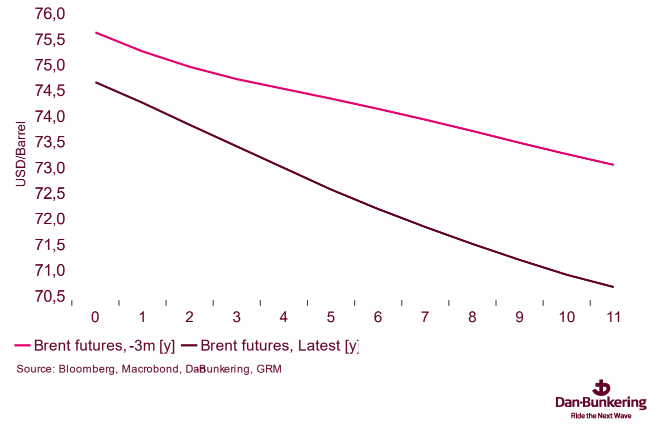
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

# Overview Charts:

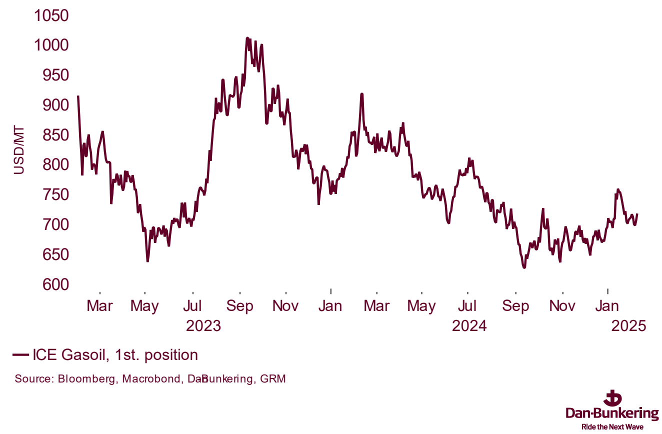
## Brent oil



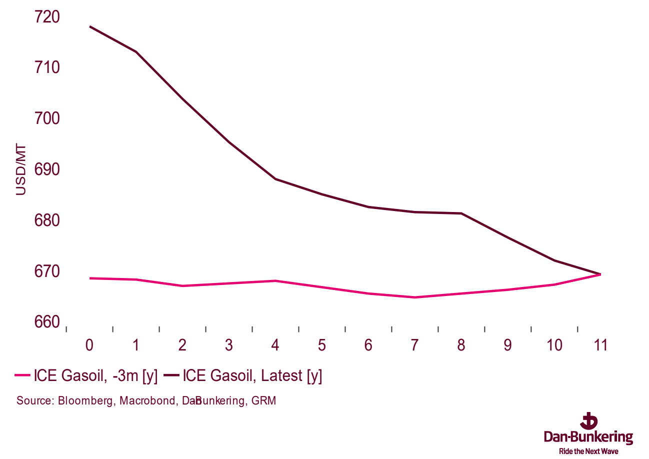

## Brent forward curve, indicative prices



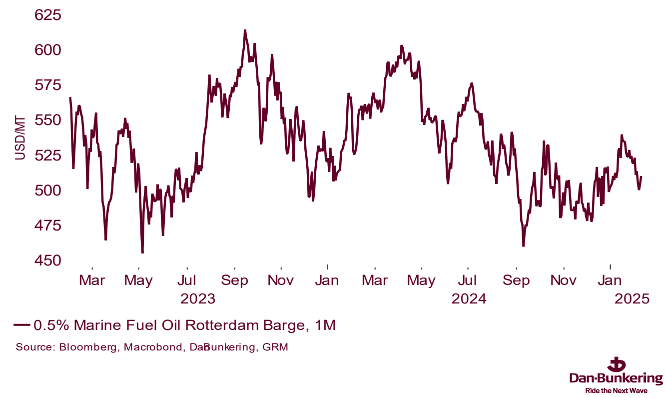

## ICE Gasoil



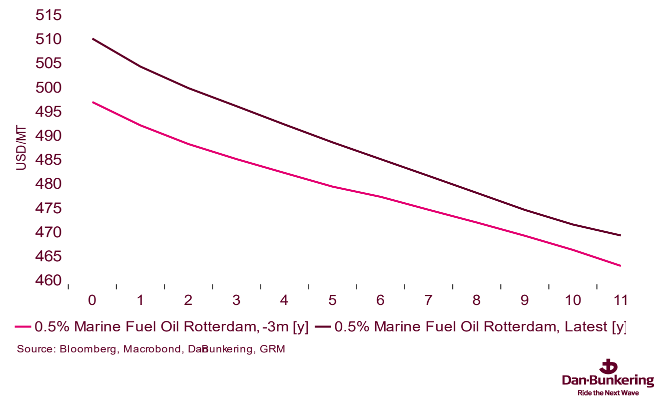

## ICE Gasoil forward curve, indicative prices



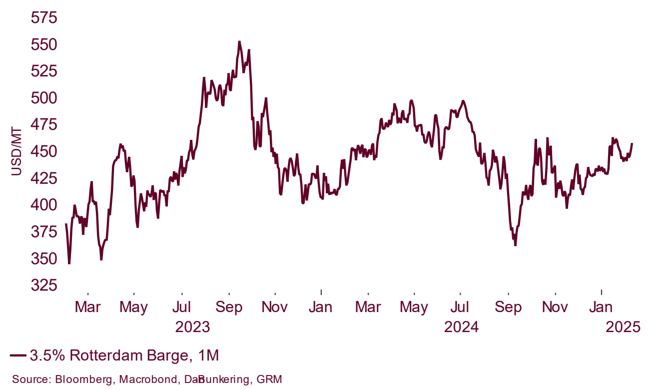

## 0.5% Marine Fuel Oil Rotterdam Barge, M1




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



## Rotterdam 3.5% Barge




## Rotterdam 3.5% Barge forward curve, indicative prices