Dan-Bunkering
Ride the Next Wave

Weekly Market Report

Week 18
April 30, 2024

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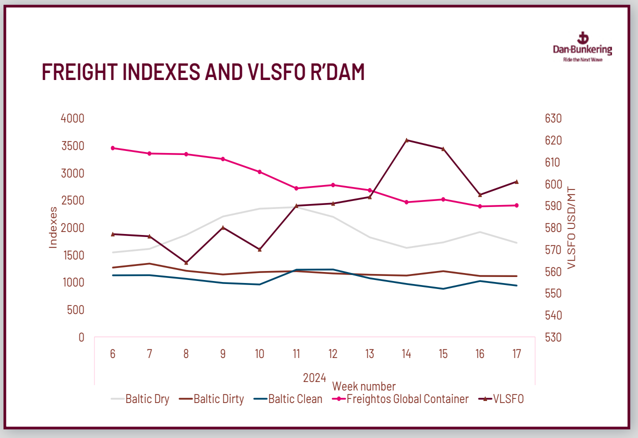
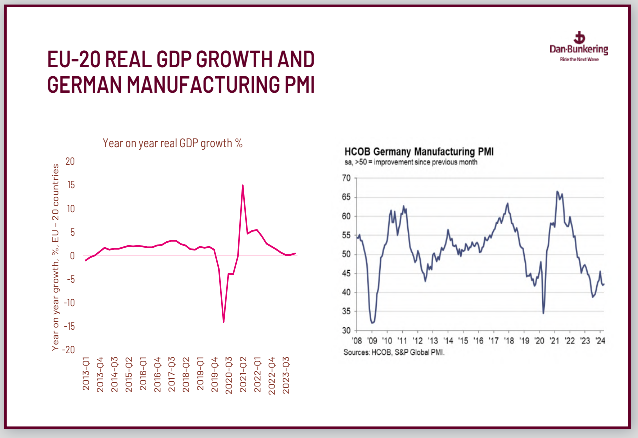
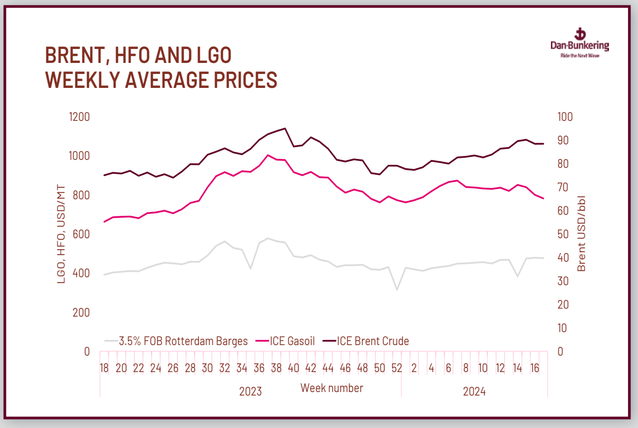
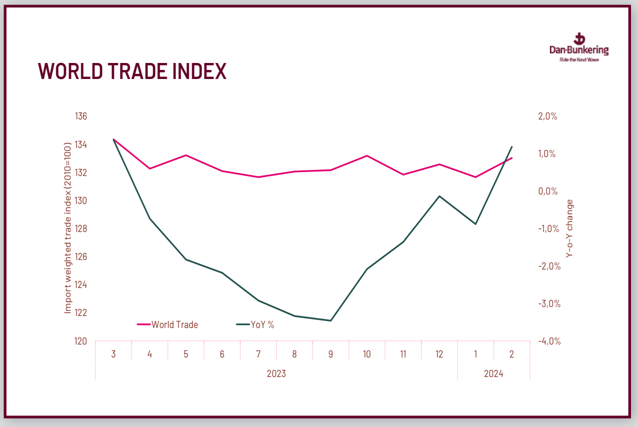








Sources: EIA.gov, ECB, investing.com, Baltic Exchange, Freightos Baltic Index, Refinitiv, Clarksons Research, U.S. Bureau of Economic Analysis, fred.stlouisfed.org, AtlantaFed, OPEC, OECD, Wolfstreet.com, Eurostat, IEA, Dan Bunkering analysis

01. ECONOMIC DATA CALENDAR

Date	Area	Topic	Expect	Prev.	Impact
30/04 14:00	Mexico	GDP growth rate Q1 (YoY)	2.3%	2.5%	Economic activity
16:00	USA	Conf. Board Consumer confidence (Apr)	104	104.7	Economic health
22:30	USA	API Crude oil stock change		-3.2 mb	Oil market balance
01/05 02:00	Korea	Exports April (YoY)		3.1%	Economic activity
02:00	Korea	Balance of trade (Apr)	$5 bn	$4.3 bn	Economic health
08:00	Saudi Arabia	GDP growth rate Q1 (YoY)	2.5%	-4.3%	Economic activity
16:00	USA	ISM Manufacturing PMI (Apr)	49.9	50.3	Economic activity
16:30	USA	EIA Crude oil stocks		-6.4 mb	Oil market balance
16:30	USA	EIA Distillate stocks		1.6 mb	Oil market balance
20:00	USA	US Fed interest rate decision	5.5%	5.5%	Economic health
02/05 01:00	Korea	Inflation rate April (YoY)	3.3%	3.1%	Economic health
06:00	Indonesia	Inflation rate April (YoY)	3.4%	3.05%	Economic health
10:00	Euro area	Manufacturing PMI (Apr)	45.6	46.1	Economic health
14:30	USA	Balance of trade (Mar)	-$69 bn	-$68.9 bn	Economic health
16:00	USA	Factory orders March (MoM)	1.8%	1.4%	Economic activity
03/05 08:45	France	Industrial production March (MoM)	0.7%	0.2%	Economic activity
09:00	Turkey	Inflation rate April (YoY)	70.3%	68.5%	Economic health
10:00	UN	FAO World food price index		118.3	Economic health
14:00	Brazil	Industrial production March (YoY)	2.3%	5%	Economic activity
16:00	USA	ISM Services PMI (Apr)	51.8	51.4	Economic health
19:00	USA	Baker Hughes oil rig count		506	Oil market balance
06/05 06:00	Indonesia	GDP growth rate Q1 (YoY)	4.8%	5.04%	Economic activity
10:00	Euro area	HCOB Services PMI (Apr)	52.9	51.5	Economic health
10:00	Euro area	PPI March (YoY)	-7.8%	-8.3%	Economic health
20:00	USA	Loan officer survey			Economic activity

Sources: Economic Calendar (tradingeconomics.com) selection of topics based on main market movers for the week, times CET (UTC+2); definitions can be found here

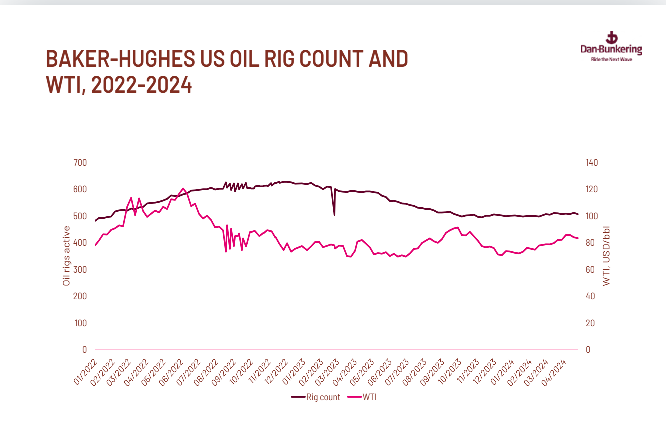
02. WHAT IS HAPPENING IN THE ECONOMY

AHEAD

The week **is** relatively calm with economic indicators, although the US Federal Reserve will announce its interest rate decision on Wednesday. Expect some turbulence around it. The Fed is expected to keep rates unchanged for now at 5.5%. Several emerging market countries will report GDP growth for the first quarter. Saudi Arabia is expected to report growth of 2.5% over Q1 2023, after a 4.3% fall in Q4. Mexico's growth rate is expected to have slowed to 2.3% from 2.5% in Q4, while Indonesia's growth is expected to have slipped to 4.8% from the over 5% reading in Q4. March industrial production in France is seen up 0.7% over February, while annual growth in industrial production in Brazil is expected to have slowed down to 2.3% growth, from 5% in February. US factory orders are projected to have risen 1.8% over February, up from 1.4% a month ago. The US manufacturing PMI however is seen to have dropped in April to just below the 50-level, signalling minor contraction. In the Euro area too, the manufacturing PMI is seen falling in April, but to clearer contraction levels of 45.6. The services PMI in the Euro area on the contrary is seen rising further into expansion, at 529.9, while the US Services PMI is also seen increasing, to 51.8. The US balance of trade is projected to have remained mostly static at $69 bln in March, whereas the Korean balance of trade in April is expected to have Improved to a surplus of $5 bln. Exports in the country rose by 3.1% in March.

OIL MARKET

The Baker Hughes oil rig count was down 5 rigs to 506 last week. The weekly average of WTI was $83.3, down $0.6 week on week. The natural gas price at Henry Hub fell to an average of $1.70/mmbtu, down five dollar cents on the previous week. On Friday, the gas price dropped to just over $1.61.



The earnings season for the oil majors has started. ExxonMobil, Chevron, Equinor and TotalEnergies have reported their results for the first quarter. The oil price has been only marginally lower during Q1 2024 compared to Q1 2023 (Brent at $81.75/bbl to $82.1/bbl respectively, although the companies may have realised higher oil prices). The gas prices were considerably lower (20-50+%). Overall oil and gas production of the companies was more or less stable. The cash from operations of the two US-based companies saw relatively small falls, Exxon by 10% and Chevron by 4%, the two European companies saw significant falls, Equinor by nearly 40% and TotalEnergies by nearly 60%. The capital expenditure for the four companies was down nearly 6%, although Chevron increased capital spending by 35% annually. All the companies outspent their capital outlays with share buybacks and dividends.

The companies have several large projects underway, or that recently started. Total reported its the second phase of the Mero field in Brazil, while Exxon reported that its Payara production unit in Guyana reached full capacity of 220 kb/d. Chevron sees its Future Growth Project in Kazakhstan starting up in early 2025. Exxon also reported that its two projects in Guyana which are currently under construction, will start up in 2025, Yellowtail, and 2026, Uaru. It also took a final investment decision on the Whiptail field, also in Guyana, which should start up production by end 2027, adding another 250 kb/d.

ECONOMY

The Dutch Central Planning Bureau **published** its World Trade Monitor for February. World trade increased by 1% from January levels. This headline number is somewhat distorted, as the CPB indicates that the January figure was revised downwards. Earlier, the CPB had estimated growth in January of 0.9% over December levels, but it revised that downwards to a fall to 0.7%. Although the report does not describe the reasons for the changes, it is possible that the Red Sea diversions have had an impact on the January data. The February rebound would also be consistent with the reporting from the port throughputs. The monitor shows that imports increased for Japan, the Eurozone, Latin America, and emerging Asia (excluding China). The USA continues to report strong exports growth. World industrial production is up 0.7% on January, and flat on year ago levels. The Eurozone saw output fall 6% year on yar, and Japan by nearly 7%, while Africa/Middle East also saw output fall, by just over 3% annually. The USA was mostly flat year on year, while the advanced Asian countries are up over 8%, and China by over 4%.

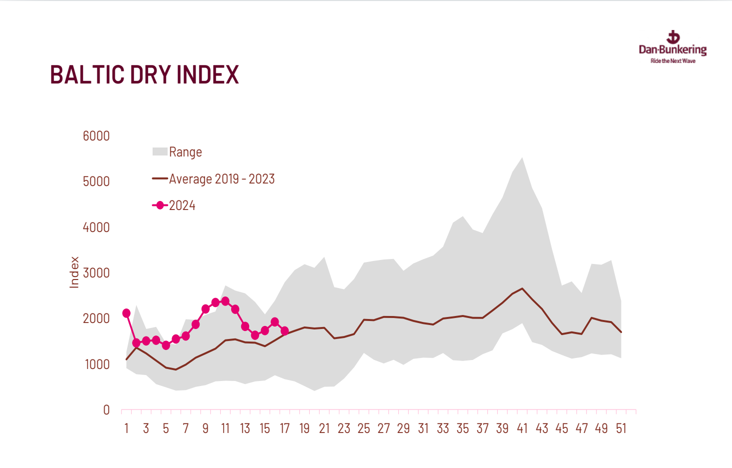
EU industrial output is below the average recorded since 2016. As output is faltering, EU industrial sentiment is reflecting the same and indicating that little improvement is to be expected. On Monday, the April reading of the EU industrial sentiment was reported at -10.5, well below the forecast. Sentiment hit its weakest level since July 2020, as manufacturers' assessment of the current level of overall order books deteriorated sharply, while their production expectations and assessments of the stocks of finished products remained relatively stable. Additionally, among the questions not factored into the confidence indicator, firms' assessments of past production developments and export order books deteriorated markedly. Overall economic sentiment came in below expectations as well and is contractionary.

US economic growth in Q1 is estimated to have fallen back to 1.6% annualised (adjusted for inflation). That is down from the 3.4% annualised recorded in Q4. Consumer spending was up 2.5%, gross private investment by 3.2%, while government spending increased by only 1.2% in Q1. The trade deficit, and indicator we also show in the weekly calendar, deteriorated. The trade deficit is the difference between exports and imports, with imports being bigger than exports. While exports increased by 0.9%, imports rose by 7.2%. This worsening trade balance lowered GDP growth by nearly 1% point.

Another point is the re-acceleration of inflation in the USA in Q1. This inflation increase lowered inflation adjusted growth. The core PCE price index, excluding food and energy, rose by 3.9% annualised in March from February. A large part of the increase in the index is due to core services, which rose by nearly 5% annualised in March. The result will be that the Federal Reserve this week will have little choice but to keep rates unchanged and wait for inflation to come down.

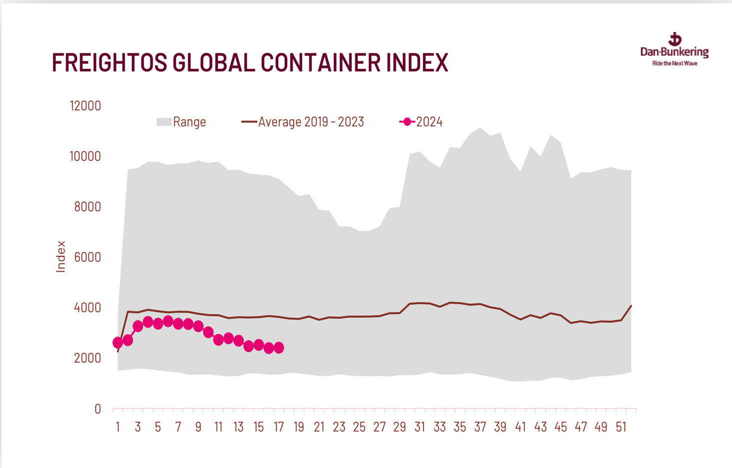
VESSEL RATES

Crude oil tanker rates on the Baltic Exchange TD3 route were up nearly 5% after last week's 8%



increase. The t/c rates were at $37.5k/day compared to $35.7k/day a week before. Voyage rates were reported at just over $9.2/mt on the route on the 26th of April, up $0.3 compared to the week of the 19th. The Baltic dirty index was marginally down by 2 points to 1112. The level is 5% above the previous 5-year average. The clean index was down 8% on last week at 939. The index is at 7% below the previous 5-year average, the first time this occurs in 2024 after the first week of the year. Dry bulk rates rose fell 10% or 198 points to 1721 per the Baltic Dry Index. The index is 5% above the five-year average level seen in 2019-2023 for the week. The weekly swings in the indexes are strong. With the latest moves, the markets are back to normal levels, in the context of the previous five-year profiles.

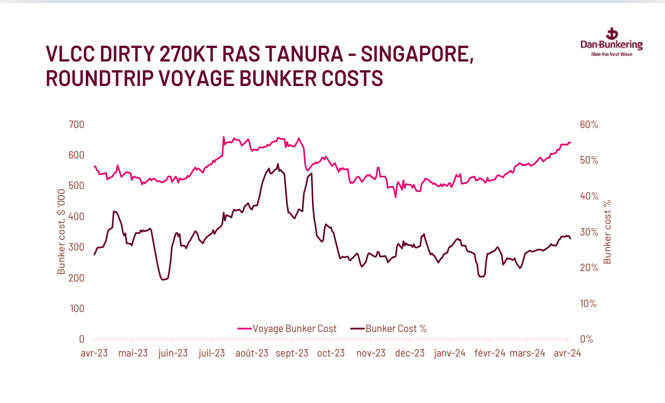
The container market rose less than 1% over the last week compared to the 19th of April to 2405 as measured by the overall **Freightos Global Index**. The China to Europe rate rose 1.8% to 3365 over the same period, while the return route rose 1.6% or 12 points to 720. The level is well below the average level seen since 2017. The China to US West Coast rose over 6% from 2911 to 3095, while the return route fell 9% to 335. The China to US East Coast was down 1% at 4262, while

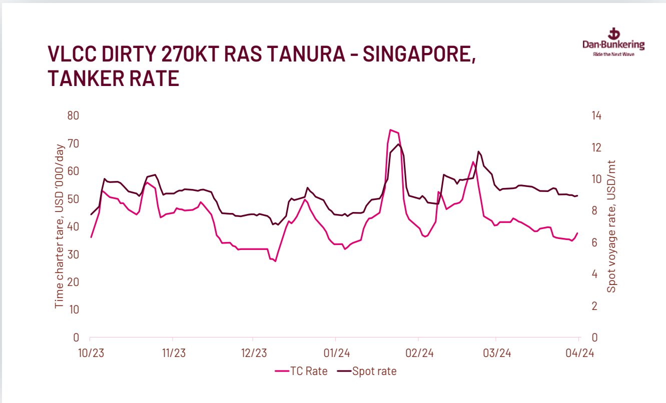


=the return route fell over 34% to 525. Congestion as measured by the last 7-day moving average of containerships in port, was reported at 29.8%, down 0.3% points compared to the previous week. The congestion share represents some 8.6 mln TEU, flat on last week. The idle fleet stood at 259, down 30 from last week, which itself saw a one vessel downward revision in the data. Some 2.4% of the fleet is reported idle (including those vessels retrofitted with scrubbers and those laid-up). Reported average voyage duration between China and the US West Coast is at 19.5 days, flat compared to last week. The current transit time continues among the lowest recorded for the past 4.5 years for which data is available.

FREIGHT AND BUNKERS

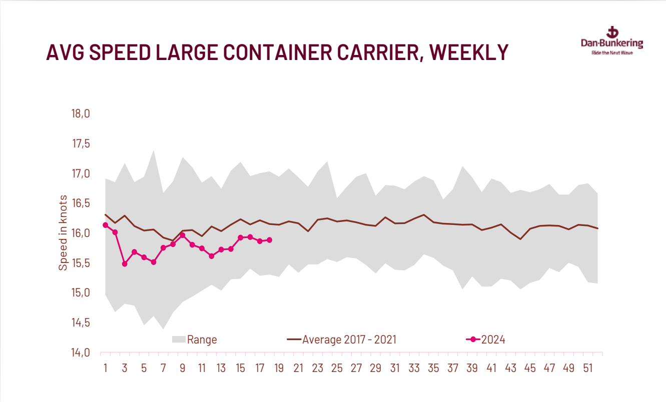
Reported tanker voyage charter rates were up, at $9.2/mt on the Ras Tanura – Singapore route. Heavy fuel oil prices were up 1% in Fujairah and up 2.5% in Singapore over the week through April 26th. Bunker costs are some 28% of total voyage. If the entire voyage is calculated on VLSFO, bunker costs are some 35%. The VLSFO prices were up less than 1% in Fujairah and in Singapore. The calculations provided are intended to be directional indications, not the actual that each tanker owner is experiencing.

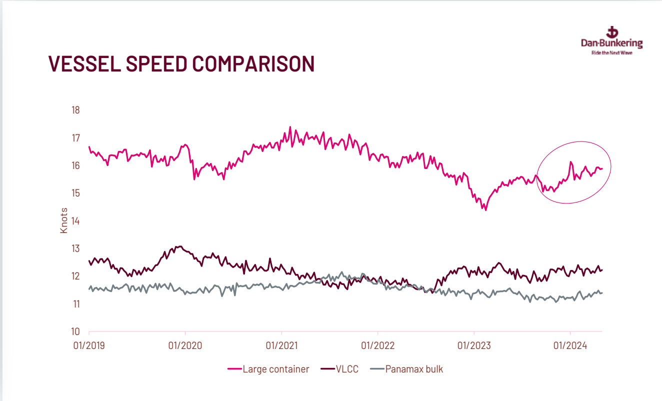




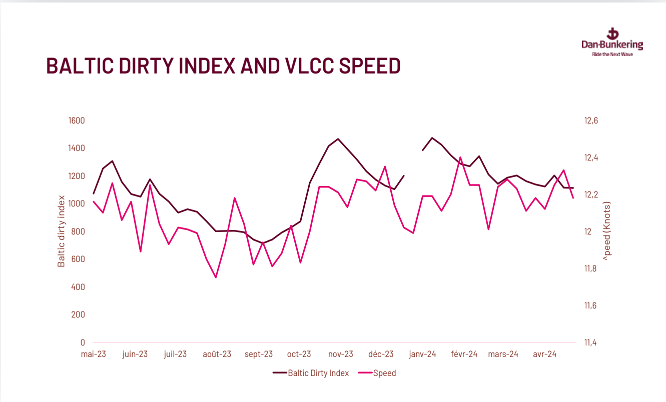
VESSEL SPEEDS

The container vessel's latest data point of 15.9 knots is flat compared to last week. The weekly movements in the measurements appear to be within calculation noise which may be revised. The combined data from the container freight rates, congestion, idle fleet, speeds as well as the latest strongly suggest the market is back to reacting to the underlying demand/supply balance and weakening.

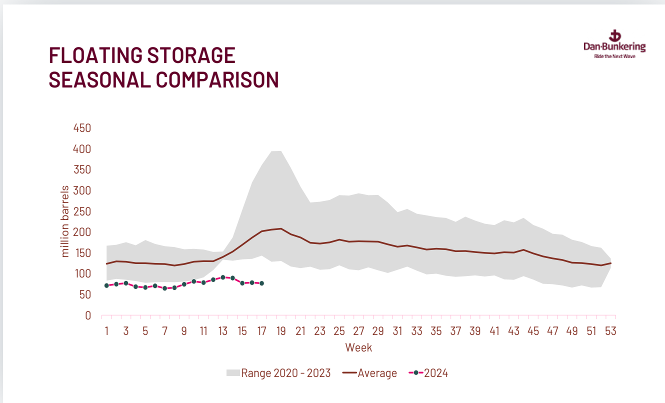




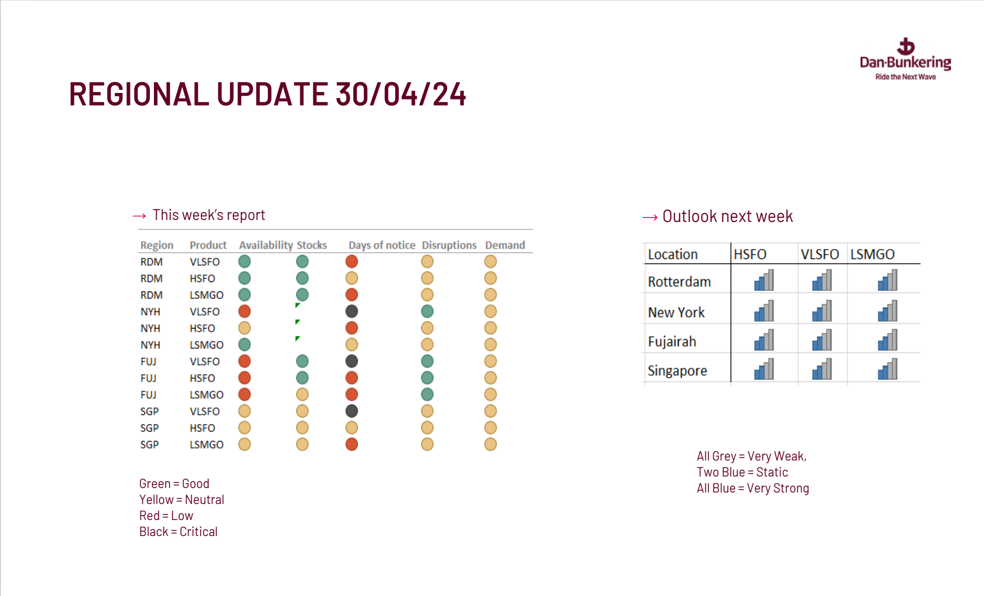
VLCC tanker speeds are down 0.1 knots at 12.2 knots. The current speed reading is in line with the average of the range seen for the period of the year. However, the movements in the speeds are occurring in a very small band around that average. The idle share of the fleet was at 5. 4% in deadweight terms, down 0.1% compared to the previous report. The share remains exceptionally high, not just for the period of the year but in a longer perspective as well. In deadweight terms, the idle share is nearly 34 mln DWT, down 1 mln dwt compared to last week. The current level is 42% higher than the "normal" average. The current number of idle vessels fell by 1 vessel to 251 compared to last week (which was lowered up by 1 vessel).



The floating storage (excluding the dedicated storage) stands at 103 vessels, down 4 vessels on last week's number, which was revised down by 4 vessels. These numbers cover all tankers over 10,000 DWT, both products and crude. In capacity terms, the storage is over 76 million barrels, down just below 3 mb compared to last week. 63 product tankers are reported functioning as storage, accounting for under 25 mb. 40 crude tankers vessels accounted for just under 52 mb of stored oil, down around 1 mb on last report. The number of crude oil tankers as storage is still at levels seen in mid-2019. The number of product tankers used as storage remains elevated.



03. REGIONAL REMARKS



NEW YORK

Demand from liners picking up. VLSFO avails are short on USEC, delays in landed cargo and longer turnaround.

FUJAIRAH

As of Monday, April 22 total oil product stocks in Fujairah were reported at 21.640 million barrels with a fall of 393,000 barrels or decline of 1.8% week-on-week, falling back below the 22-million-barrel. The stocks movement saw a small build in heavy residues while there were draws in light distillates and middle distillates.

Bad weather is due to hit the region (again) on 1st May which impacts operations.

Demand is steady across all grades, barge avails are tight with some suppliers on both HSFO and VLSFO having an earliest supply of 8-9th May onwards.

ARA

Gasoil may become tighter and discounts decreasing (more expensive), while discounts are currently trading steadily around the -$35-$40/mt range.

SINGAPORE

VLSFO:

The VLSFO was likely to remain rangebound over the trading week started April 29, while the outlook for May was buoyed compared to April when valuations were pressured by a lackluster downstream bunker fuel demand. Despite marginal improvements in end-user demand in Singapore, traders expect upstream stockpiles for the prompt month to stay adequate for the near term, with any severe tightness unlikely over the early-May period.

LSFO flows toward the East of Suez might be capped by limited arbitrage opportunities amid weak margins, however, some April-loading shipments may roll into May and keep inventories of blending components around Singapore reasonably well-supplied through the first half of May.

LSFO delivered premiums could come under pressure amid muted demand in the downstream market, while barge availabilities for prompt refueling dates are likely to stay balanced against end-users' requirements.
~ Average daily demand was down slight at 47k mt vs 53k mt the week before.
~ Platts assessed Delivered VLSFO at around MOPS plus $13-15 last week.

HSFO:

Geopolitical tensions around the Middle East lifted upstream valuations for the HSFO complex as escalations would spark further concerns over arbitrage flows, in addition to expectations of stronger domestic demand around the region for power generation consumption ahead of the summer season. As a result, the market structure for the prompt month, which was previously in a contango, has strengthened over the past couple of weeks. HSFO demand is likely to remain average around the port of Singapore amid tightening stockpiles, with traders expecting premiums to be supported in the near term.

GO:

Weaker demand and the emergence of spot barrels from the Persian Gulf and India were expected to put pressure on the Asian ultra-low sulfur gasoil complex over April 29-May 3. Singapore's onshore commercial stocks of middle distillates rose 14.1% on the week to a more than two-year high of 11.57 million barrels over April 18-24. At current levels, the stocks have been above the 10-million-barrel mark for the seventh straight week.

Regional indicators : prices in USD to benchmarks (week to 25/04)

	ARA		FUJ		NYH		SGP	
	USD/MT	BM	USD/MT	BM	USD/MT	BM	USD/MT	BM
HSFO	5	FOB Rdam Barges 3.5%	10	MOPS380	60	MOPD380	13-15	MOPS380
VLSFO	7	FOB Rdam Barges 0.5%	15	MOPS 0.5%	30	MOPS 0.5%	15-17	MOPS 0.5%
LSMGO	-37	ICE Gasoil	120	MOPS GO 10ppm	0.02	HO	10-16	MOPS GO 10ppm

NYH HSFO barrel to MT: 6.36 and NYH VLSFO to MT: 6.9, NYH LSMGO versus Heating oil in $/gallon.

Regional indicators : Day's notice

Product	ARA	FUJ	Nyh	SGP
HSFO	4-6	7	5	8
VLSFO	4-6	10	8	12
LSMGO	4-6	5	2	5

04. FORWARD CURVES, NON DELIVERED

On our weekly review, the ICE Gasoil curve rose $6.8/mt at the front compared to last week in absolute terms (April 26th compared to April 19th). The curve continued its contango structure through the seventh month. The six-month rose by $1/mt. The time spread for the 6-month period increased less than $1/mt to plus $6.8/mt. The 3.5% barges' curve is in contango for the first four months of the curve but shows a $9.3 backwardation on the 6-month contract (front month minus the six-month contract). Contango is $6/mt at the three-month horizon but shows $9.3 backwardation at the six-month time-spread. The front rose $16.5/mt while the six-month rose $9.3/mt. The VLSFO 0.5% backwardation decreased $4.5/mt to -$25/mt, compared to a week prior.

The relative value of VLSFO compared to LGO at 6 months was flat at 71% and in absolute terms up $1 at -$228/mt compared to 75% or $196/mt below LGO at the front. That $196/mt is up $4/mt on last week's reading when the front was at 75% of LGO.

Monday the 29th saw the ICE gasoil front move down over $6 on Friday's $787.8/mt close to reach $781.25/mt. On Tuesday end morning, the ICE Gasoil curve saw the 6-month structure increase by around $0.25/mt compared to the Friday level. The front was up $1.25/mt on Monday's level and the 6-month was up, by $1.25/mt on Monday's level. At the 12-month horizon, the curve is still in backwardation, but in sustained contango through the 7th month. The front is down less than 1% compared to Friday the 26th.

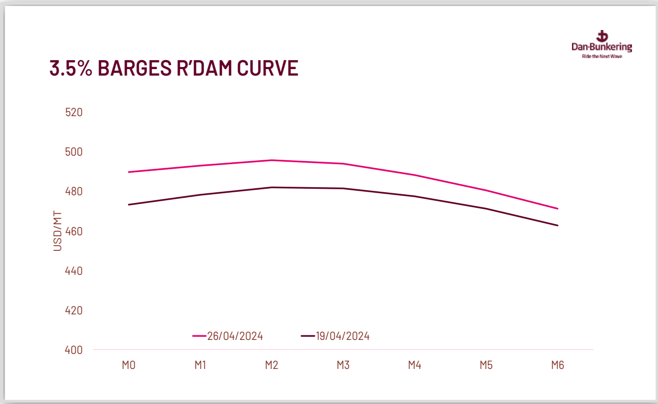
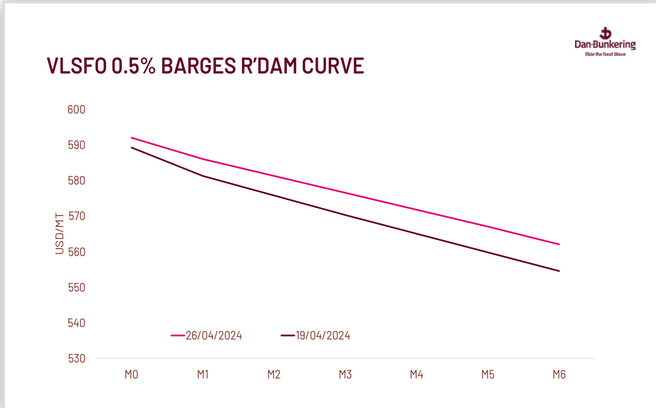
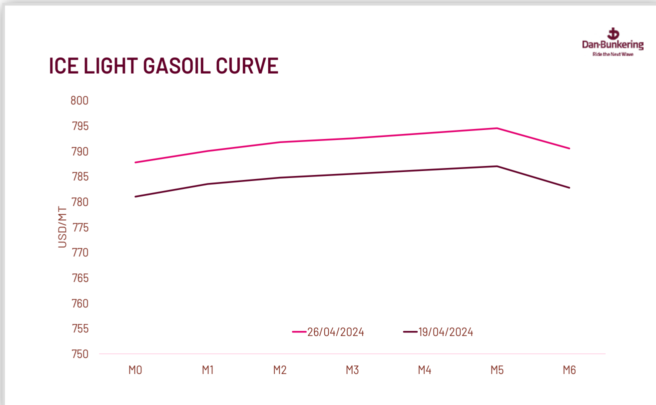
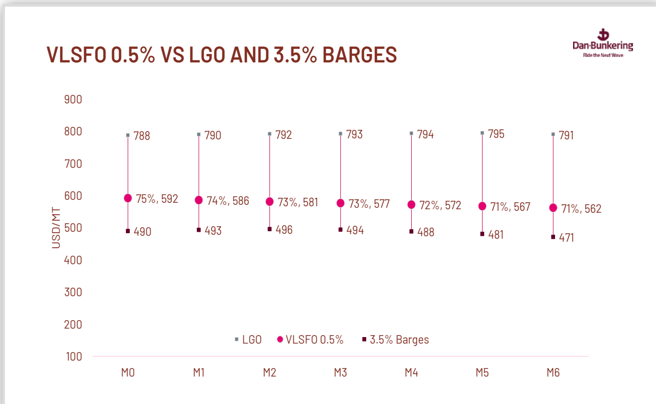


Figure 1 ARA Curve







M0 is May 2024

05. CHANGES FROM LAST WEEK

The forward complex for LGO saw the front rise 0.9%, while the sixth month level rose by 1%. The curve trajectory is backwardated, with the sixth month minus the front month at 0.9% backwardation. The Fuel Oil Rotterdam front month rose 3.5% and the 6-month rose 2%. The curve is 1.9% in backwardation on the six-month horizon, but in contango through the fourth month. The VLSFO curve saw its backwardation decrease to 4.2% as the front rose 0.5%, while the back rose 1.3%.

Brent Ref:	2.2	June					
	Singapore		US Gulf		North West Europe		
Data in USD	LSFO 0.5%	380 CST Cargoes	LSFO 0.5%	HSFO	VLSFO 0.5%	3.5% Fob Barges	LSGO
Yesterday's Price	2.6	10.2	1.7	5.7	2.8	14.0	6.8
May-24	2.3	7.8	3.0	3.9	2.8	16.5	6.8
Jun-24	3.0	9.5	1.4	3.1	4.8	14.8	6.5
Jul-24	2.3	9.5	1.6	2.6	5.5	13.8	7.0
Aug-24	3.0	8.0	1.6	2.1	6.3	12.5	7.0

06. OUR VIEW

The Euro Area's GDP growth rate in Q1 is **reported** at 0.4% year on year, outpacing a 0.1% forecast, with the overall inflation rate stable at 2.4%. However, the overall area's growth rates were quite different between the major countries. France reported a 1.1% increase, with inflation increasing. Germany recorded another contraction, at -0.2% worse than forecast, while Italy's economy is estimated to have grown by 0.6% year on year, double the forecast. Italian inflation is among the lowest in the currency zone, at 1% annually. But it is the German number that is the most painful for the block. The country is now officially in recession, if the numbers are confirmed that is, as this is just a flash indication and most of the EU countries are not yet reported in the **Eurostat** data. With last week's dismal outlook from the German federation of industries, the backbone of the Euro industrial economy is faltering and likely to continue to do so. The April manufacturing PMI was **reported** at 42.2, while an improvement over March, it is still in contraction. The drag down by the German economic performance on the EU total will start to show up at some point, and with it, European oil demand will weaken further.

07. ABBREVIATIONS

API	American Petroleum Institute
CPI	Consumer Price Index
EIA	Energy Information Administration
Freightos Global Index	This is a global index for a 40' container and covers all freight components, where applicable; it shows the income capacity for the container vessels.
GDP	Gross Domestic Product
Mb/d	Million barrels per day
Mboe/d	Million barrels of oil equivalent per day (gas and oil combined to same term)
Mmbtu	Million British thermal units, gas is priced in these units
PMI	Purchasing Managers' Index
PPI	Producer price index
Usd/mmbtu	US$ per1 million British Thermal Units (measurement for natural gas)