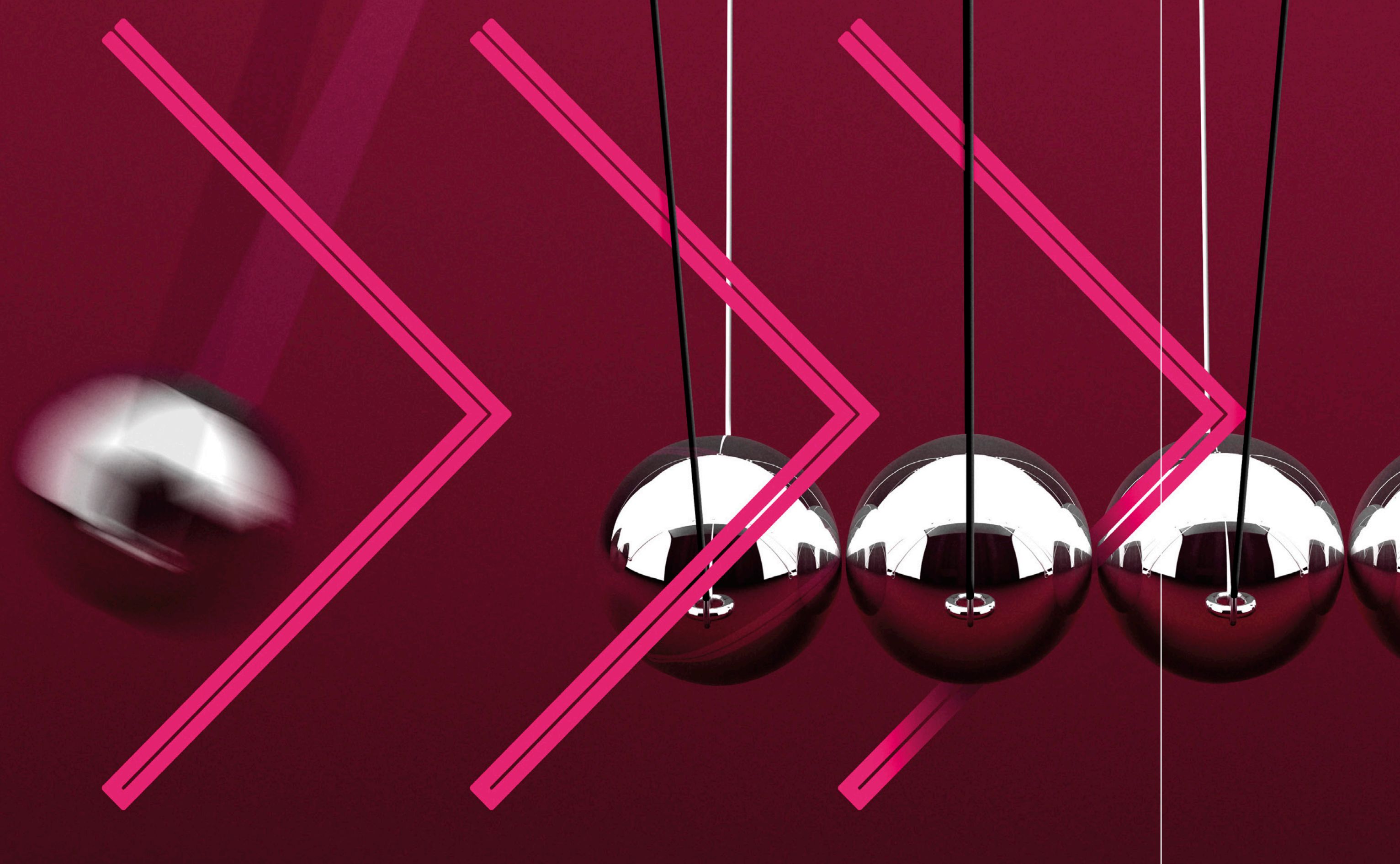
Dan-Bunkering
Ride the Next Wave

Weekly Market Report

March 4, 2025



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

Bunker Port Brief

Singapore

	VLSFO	HSFO	MGO
Availability			
Days of notice	6	6	3
Demand			

The Asian LSFO market is expected to stay stable this week as subdued demand offsets reduced arbitrage arrivals from the West.

The HSFO market is expected to stay moderate, with weak spot demand pressuring premiums. Ample replenishments may keep stock levels high and limit upside to premiums.

The LSMGO market is expected to remain stable to weaker due to an overhang of February cargoes.

ARA

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

Strong demand on LSMGO, regular demand and avails across Fuel Oil.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	6	8	3
Demand			

Bad weather continues to disrupt operations in UAE ports. Fujairah is experiencing a backlog in supplies with terminal congestion not easing suppliers' schedules. By 8-9th March, things are expected to ease as long as the weather keeps improving. VLSFO demand is tepid with a continued supply overhang, schedules are tight up to 13th March. HSFO demand is good with avails tight up to 10- 11th March.

Houston

	VLSFO	HSFO	MGO
Availability	■■■■□	■■■■□	■■■■■
Days of notice	5-7	5-7	3-5
Demand	■■■□□	■■□□□	■■■□□

Weather conditions are improving. Some periods of dense fog overnight and in the early morning hours are forecasted. Intermittent channel closures by the US Coast Guard are possible. Extended channel closures are not expected.

New York

	VLSFO	HSFO	MGO
Availability	■■■□□	■■□□□	■■■■■
Days of notice	4	7	1
Demand	■■■□□	■■■■□	■■■□□

Demand from liner still heavy for HSFO in NYH. The weather is turning to spring, which will speed up delivery times. VLSFO and MGO demand are muted.

Gibraltar

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

Malta

	VLSFO	HSFO	MGO
Availability	■■■■□	■□□□□	■■■■□
Days of notice	3-4	8	3-4
Demand	■■■□□	■□□□□	■■■□□

Only Area 6 for bunkering is open atm, causing a backlog. Waiting for the wind to calm down, to open more areas.

Port Louis

	VLSFO	HSFO	MGO
Availability			
Days of notice	7	7	3
Demand			

Durban

	VLSFO	HSFO	MGO
Availability			
Days of notice	3	3	n/a
Demand			

Walvis Bay

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	5
Demand			

OPEC+, Stagflation Fears, and Trump's Tariffs Drive Oil Prices Down

Last week, we noted that the oil market had remained surprisingly calm over the past couple of weeks despite various influencing factors. We asked whether this was the calm before the storm. It was—the storm arrived this week.

Brent fell by approximately two US dollars to just below USD 71.5 yesterday. Prices have continued to be under pressure today and are trading just above USD 70.0 this afternoon. Hence, we are testing the floor for oil prices in 2024, apart from a brief dip below USD 70 in September.

We may see oil prices remain under pressure in the coming days, depending on whether risk appetite (the stock market) rebounds. A close below USD 70 could open the door to further price declines.

In this edition, we discuss three factors that have weighed on oil prices recently:

- OPEC+ announced that the plan to add more oil will begin on April 1
- Recent weak US data as the economy reacts to fears of tariffs
- The halt of US military aid to Ukraine and expectations that the US will lift Russian sanctions

We also take a closer look at the divergence between VLSFO and HSFO, which has pushed the HI-5 spread, also known as the scrubber spread, to new lows.

Given recent developments, we have revised our Brent oil price forecast lower for Q2 and Q3, averaging USD 74, down from the previous USD 78.

1. OPEC+ to add more oil starting April 1

Last night, OPEC+ announced that, contrary to market expectations, it will now begin phasing in higher oil production from April 1. In April, production will be stepped up by 138,000 barrels per day. The actual increase will be smaller if the announced "compensation cuts" from members that previously overproduced are enacted.

Although this is only a cautious phase-in of 2.2 million barrels over the next 18 months, the signal is clear: they are accepting a lower oil price in exchange for increased production.

Russia has likely been a key driver behind this push for higher production. Obviously, Russia do not want to do anything that could provoke Trump in the White House. Trump has, as is well known, pressured OPEC to increase production.

The table below shows the plan for the eight countries that are now unwinding the so-called "voluntary production cuts." Remember, there are still voluntary production cuts of 1.66 mb/d from nine OPEC+ countries in place, along with the collective group cut of 2 mb/d. These cuts are expected to remain in place for an extended period.

The OPEC+ production plan for the eight countries doing "voluntary production cuts", mb/d. Source: OPEC

Country	2025									2026								
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep - Dec
Algeria	911	914	917	919	922	925	928	931	934	936	939	942	945	948	951	953	956	959
Iraq	4,012	4,024	4,037	4,049	4,061	4,073	4,086	4,098	4,110	4,122	4,134	4,147	4,159	4,171	4,183	4,196	4,208	4,220
Kuwait	2,421	2,428	2,436	2,443	2,451	2,458	2,466	2,473	2,481	2,488	2,496	2,503	2,511	2,518	2,526	2,533	2,541	2,548
Saudi Arabia	9,034	9,089	9,145	9,200	9,256	9,311	9,367	9,422	9,478	9,534	9,589	9,645	9,700	9,756	9,811	9,867	9,922	9,978
UAE	2,938	2,963	2,989	3,015	3,041	3,066	3,092	3,118	3,144	3,169	3,195	3,221	3,246	3,272	3,298	3,324	3,349	3,375
Kazakhstan	1,473	1,477	1,482	1,486	1,491	1,495	1,500	1,504	1,509	1,514	1,518	1,523	1,527	1,532	1,536	1,541	1,545	1,550
Oman	761	764	766	768	771	773	775	778	780	782	785	787	789	792	794	796	799	801
Russia	9,004	9,030	9,057	9,083	9,109	9,135	9,161	9,187	9,214	9,240	9,266	9,292	9,318	9,344	9,371	9,397	9,423	9,449

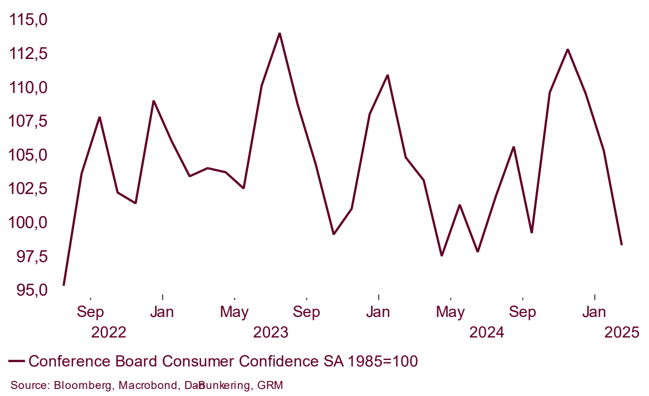
2. Tariff fears are weighing on the US economy

Yesterday, we saw more weak US economic data. The ISM business indicator painted a picture of declining activity, order intake, and increasing price pressures.

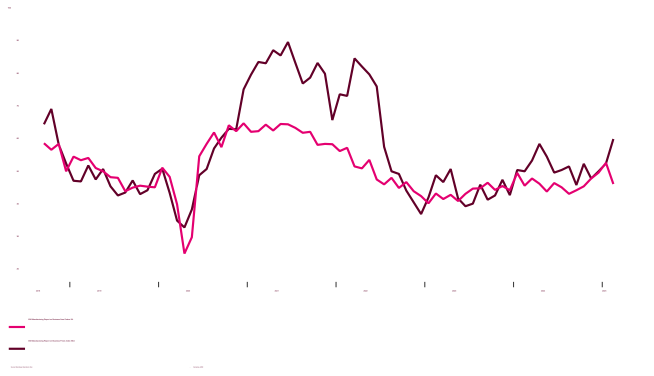
This points towards stagflation (low growth and rising inflation). The uncertainty created by Trump's tariffs, combined with the possible repatriation of labour from countries such as Mexico, is now being felt in the industrial sector, where optimism, investment, and order intake are being hit.

The tariffs on Canada and Mexico came into force today and could deliver another negative shock to US industry. The same applies to potential retaliatory measures from other countries. This morning, China imposed a 15% tariff on US food products. So far, many companies have sought to buy and produce before the tariffs take effect. The weak ISM report contributed to sending US stocks into the red.

Large drop in US consumer confidence in February



ISM pointed towards weaker order intake and higher inflation



3. US halt military aid for Ukraine and discusses lifting US sanctions on Russia

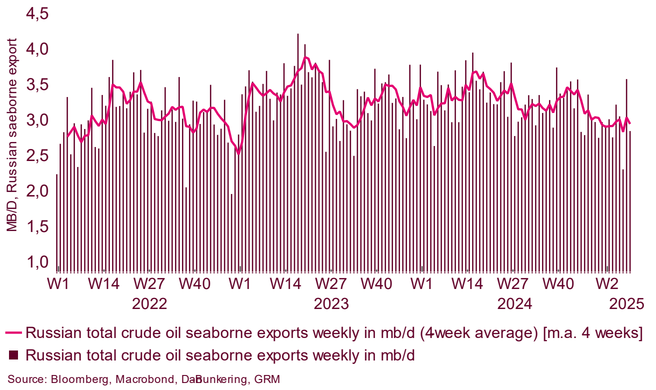
Trump announced yesterday that the US would temporarily halt military aid to Ukraine. This makes it harder for Ukraine to strike Russia's oil industry and defend itself.

Meanwhile, Reuters, citing sources in the White House, reports that Russia can now expect a loosening of US sanctions without the US seemingly getting anything in return.

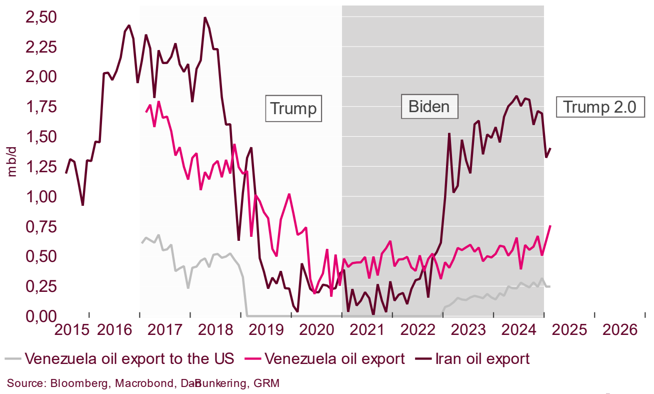
The article explicitly mentions Russian oil exports and oligarchs. The latest sanctions, imposed under Biden, have proven surprisingly effective in curbing Russian oil exports. That may now come to an end.

Increased Russian oil exports could make it easier for the US to tighten sanctions against Iran and Venezuela without oil prices skyrocketing.

If the US lift sanctions on Russia, Russian seaborne exports may rise again, mb/d



Higher OPEC+ production may encourage Trump to tighten sanctions on Iran and Venezuela



4. Divergence in the Fuel oil market. Low scrubber spread

Alongside tariffs on oil from Canada and Mexico, sanctions on Venezuela and upcoming sanctions on Iran could further tighten the supply of heavy crude on the global market. This may support HSFO prices by reducing the availability of residuals in the market as refineries source lighter oil slates such as WTI.

The OPEC+ production cuts have also removed heavy/sour crude oil from the market. However, the plan to add more OPEC+ oil to the market April 1, combined with the US eventually easing Russian sanctions, suggests that some of the strength in the HSFO market may disappear.

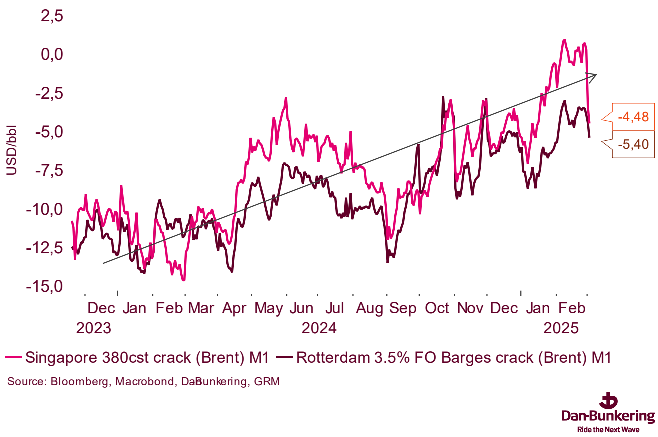
The HSFO paper market is also increasingly focusing on the summer peak demand period when the Middle East burns fuel oil for power production (driven by air-conditioning demand), and bitumen demand reaches its seasonal peak. This effect may mitigate more heavy sour crude oil from OPEC+.

HSFO also continues to receive support from the growing number of vessels that are installing scrubbers. Sales data shows that HSFO is outpacing VLSFO in growth, particularly in Singapore.

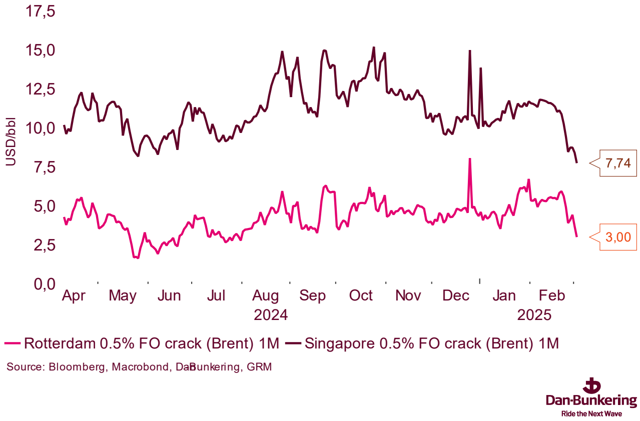
Conversely, more business cycle-sensitive distillates and VLSFO may suffer from a weaker economic outlook. We also see that VLSFO remains abundant in major ports and that maritime demand remains muted. Se the port conditions section.

These factors may explain the continued divergence between HSFO and VLSFO and why the scrubber spread or HI5 spread (the price difference between VLSO and HSFO), has dropped sharply in both Singapore and Rotterdam.

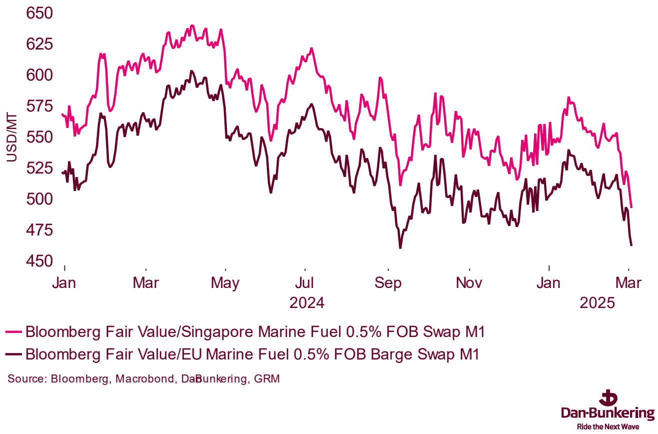
HSFO cracks have been strong until this week, notably in Singapore, USD/bbl



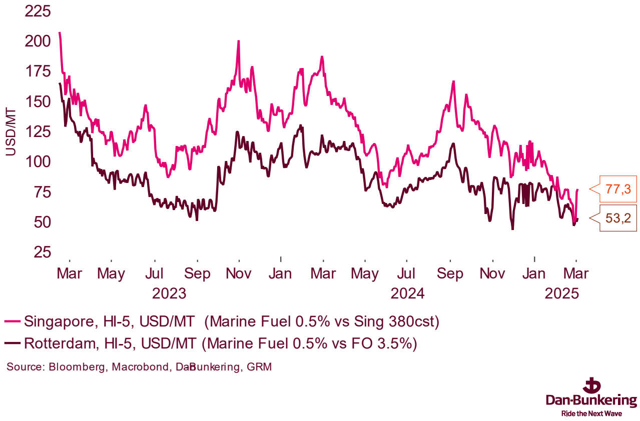
Economic concerns and abundant supplies have weighed on VLSFO cracks, USD/bbl.



VLSFO prices under pressure, USD/MT



Low scrubber-spread (HI5-spread)



Price outlook: Less risk 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 reflected increased uncertainty and the upside risks associated with sanctions. Additionally, we raised our expectations for distillate cracks.

However, we now see less upside for Brent in Q2 and Q3 as we assume the US will lift sanctions on Russia and have lowered our Brent forecast to USD 74 from previously USD 78. We expect strong support in the USD 70-72 range with OPEC+ expected to delay production increases or even discuss new cuts if the price falls below this threshold.

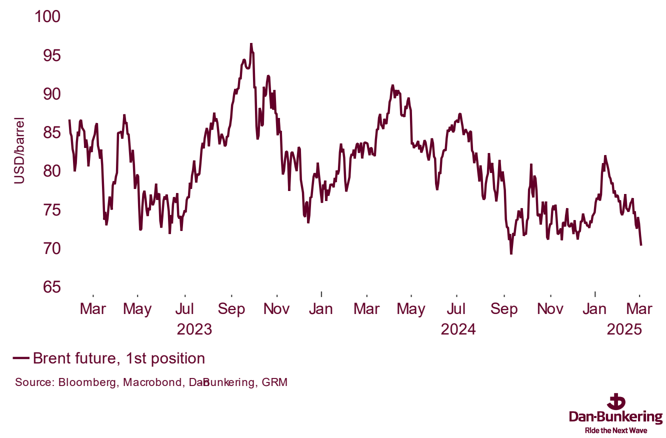
Forecast

	Spot	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
Brent, USD/bbl	70,5	74	74	74	75	74
ICE Gasoil, USD/MT	677	711	720	738	715	721
HSFO (1M 3.5% Rotterdam Barge), USD/MT	411	447	436	432	432	437
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	464	505	487	489	495	494

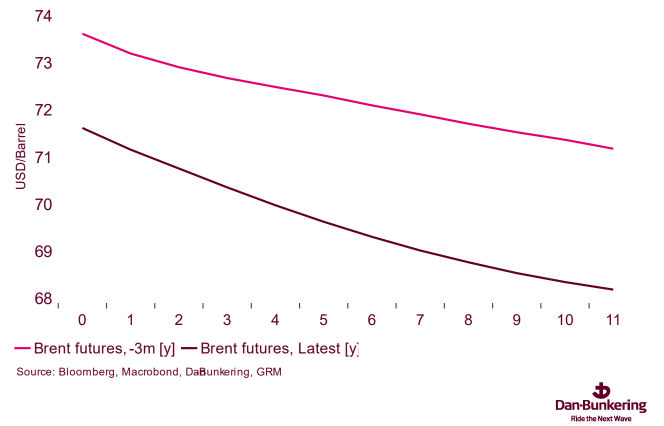
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

Overview Charts:

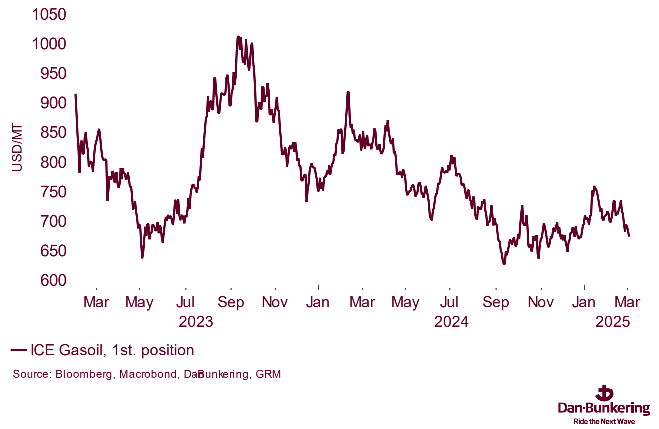
Brent oil



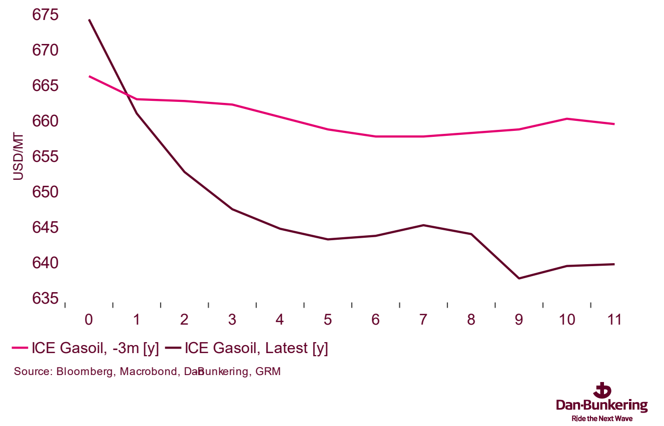
Brent forward curve, indicative prices



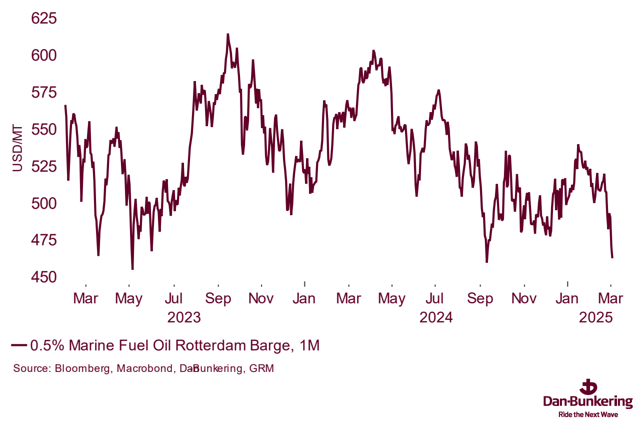
ICE Gasoil



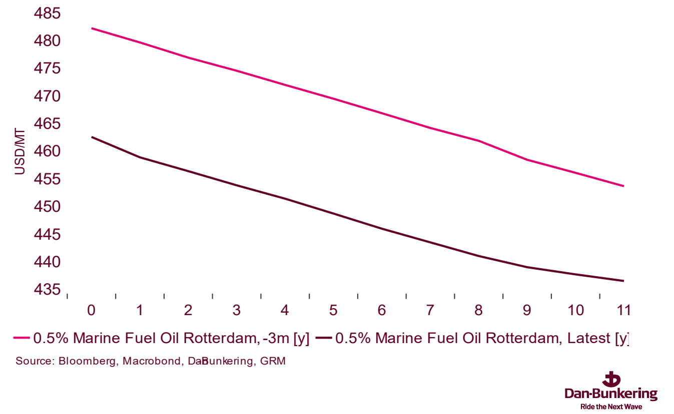
ICE Gasoil forward curve, indicative prices



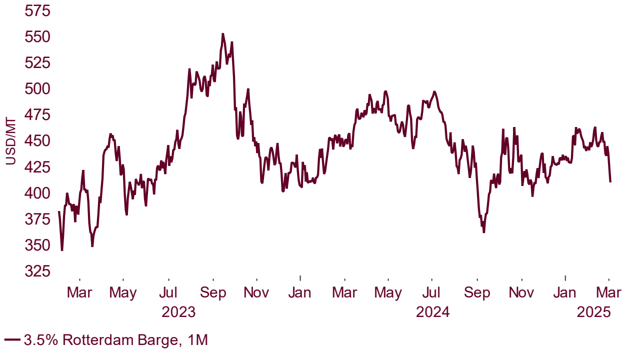
0.5% Marine Fuel Oil Rotterdam Barge, M1



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

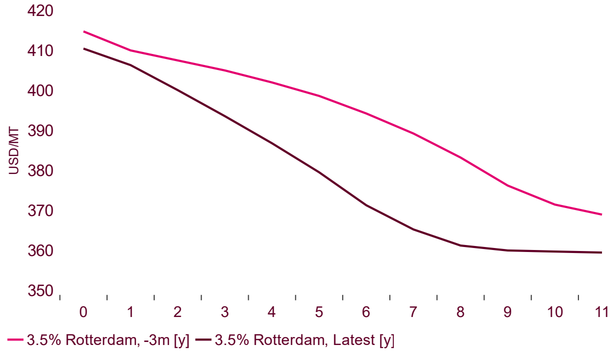


Rotterdam 3.5% Barge



Source: Bloomberg, Macrobond, Dan-Bunkering, GRM

Rotterdam 3.5% Barge forward curve, indicative prices



Source: Bloomberg, Macrobond, Dan-Bunkering, GRM