Dan-Bunkering
Ride the Next Wave

Weekly Market Report

December 10, 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	13	3
Demand			

The Asian LSFO market is expected to remain weighed down by ample near-term supplies and lacklustre demand over the week. The market anticipates limited upside for bunker premiums after the cargo cash differential for the marine fuel grade fell nearly 84% in the week ending the 6th of December. It is the lowest level in more than 7 months.

Although the supply of non-sanctioned material or compliant barrels remains tight, the wider Asian HSFO market is grappling with more than adequate prompt supplies on the back of shipments from Russia and the Middle East.

The Asian LSMGO market is expected to remain weak Dec. 9-13 as most December cargoes have been fixed, while a poor economic outlook dampened regional gasoil demand projections for 2025.

ARA

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

Good avails across all 3 grades, no disruptions to note just some slight delays with storm/general weather. Can not see any further disruptions into the next week, we have a positive outlook there.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	4	7	2
Demand			

A weak fuels market in Fujairah with slow demand on inq the past 2 weeks.

The usual strong seasonal demand for Xmas has yet to begin which is a concern for market participants who usually rely on the orders to close the books on a positive note.

HSFO continues to grow market share and this could see a tipping point to oversupply status as rumours 2 current LSFO suppliers also start HSFO.

Houston

	VLSFO	HSFO	MGO
Availability			
Days of notice	8,5	8,5	6
Demand			

The Port of Houston continues to be impacted by periods of inclement weather affecting bunkering operations both in port and offshore. This is common for this time of year and this trend will likely continue over the next several months. Fog specifically will start to be an issue causing intermittent channel closures overnight into early morning hours. Some level of delays should be anticipated when bunkering in Houston.

We expect avails to get very tight as the end of the year approaches. Suppliers will run inventories low to avoid ad valorem tax. Typically, it takes into the 2H of January sometimes 1H of February for the avails situation to normalize. Recommending working on any vessel with ETA by the end of this calendar year asap.

Peninsula has resumed operations and is a physical supplier in Houston. They are operating 3 barges at this time offering VLSFO and LSMGO.

New York

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	8	3
Demand			

Demand for bunkers on contract for liners remains heavy, this is for HSFO. Spot demand for VLSFO has been weak. LSMGO has been weak as well.

Gibraltar

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

Malta

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

High MGO levels are driven by the fact that there is only one supplier in the market with MGO avails.

Walvis Bay

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	5
Demand			

Dan-Bunkering
Ride the Next Wave

OPEC+ kicks the can down the road and the oil price outlook for 2025

In this issue, we examine the recent OPEC+ decision, assess the impact of Saddat's ousting from Syria, and discuss the forecast for oil prices in 2025. This week, the oil market reports from the IEA, EIA, and OPEC will be closely analyzed.

1. OPEC kicks the can down the road

OPEC+ announced two things last week:

- The plan to add more oil to the market was postponed for the third time. This time, however, it was postponed by three months, not just one month.
- The plan to increase oil production by 2.2 million barrels per day (reverse voluntary cuts) is now set to be completed by September 2026 instead of by the end of 2025, as previously announced. Hence, OPEC will add monthly around 120,000 barrels per day (bpd) under the new plan compared to 180,000 bpd under the old plan. Add to that 20,000 bpd from the higher UAE quota of 0.3 mb/d, also being spread out over 18 months.

The three-month postponement was expected by the market and has been our view for a long time. On the other hand, the extension of the phasing-in period was a minor surprise and appears to be a compromise between the countries that want to increase oil production and move towards a volume strategy (such as the UAE) and those—led by Saudi Arabia—that prioritise a high oil price at the expense of market share—a strategy we have labelled a price strategy.

One might say that OPEC+ "kicked the can down the road". They have, for now, bought themselves time. However, nothing indicates that there will be room for more OPEC+ oil in three months. As before, we do not expect the cartel to add additional oil to the market this year.

However, there is no doubt that there are disagreements within the cartel and that some members wish to maintain their market share and increase production.

Therefore, last week's decision is unlikely to support oil prices significantly. The cartel repeated that the increase in production" can be paused or reversed subject to market conditions." The latter is key as it leaves a loophole to again delaying the plan if the fundamental picture does not improve in three months.

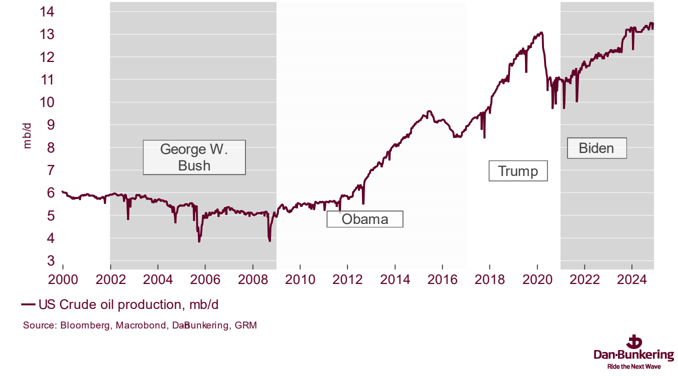
2. Oil price outlook 2025: Brent to trade above USD 70/bbl

We assess that OPEC+ last week showed that USD 70 is the pain threshold, and we expect Brent oil to trade within USD 68-78 in 2025. That said, the risk is growing to the downside. See the forecast table below.

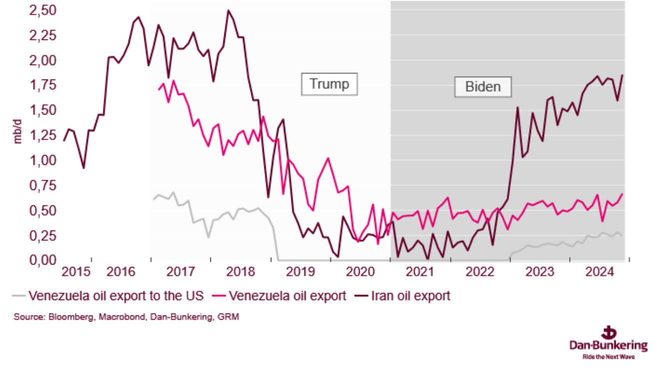
We base our forecast on several assumptions

- We assume, as mentioned above, that OPEC+ will continue to delay the plans of more oil to the market throughout 2025. We also think that OPEC+ will continue to focus on quota compliance
- We also assume that the US will tighten sanctions on Iran, which is expected to shave off between 0.5 and 1.0 mb/d of the Iranian crude oil export, currently at around 1.75 mb/d. The Trump administration may also tighten sanctions on Venezuela. The Russian sanctions are more uncertain, but importantly, Russian crude oil production is capped by the Russian OPEC+ membership.
- We assume that China will continue to add economic stimuli and that India will remain a strong Emerging Markets growth engine in 2025. In the OECD area, the US will remain the growth engine. The EU might also recover as the ECB lowers policy rates to 1% or below and a weak euro boosts exports. We see EUR/USD at parity. Tariffs are an obvious risk factor for global growth. Global oil demand is expected to grow 1.25 – 1.50 mb/d in 2025.
- Non-OPEC+ supply is expected to continue growing briskly in 2025, boosted by growth in oil production in the US, Canada and Guyana. The IEA pencilled in a 1.5mb/d non-OPEC growth for 2025 in their latest Oil Market Report. The Trump win could indicate that risks are to the upside. However, we note that, for example, Chevron announced this week that it will keep a "cost and capital discipline". Notably, Chevron announced a lower Permian basin capital expenditure for 2025 than this year.

US oil production is likely to grow further in 2025, but we do not foresee a big "drill baby, drill" increase, mb/d

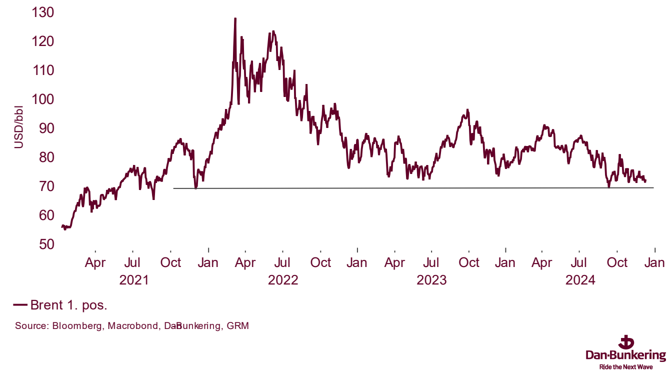


Iranian oil export at risk after the recovery under Biden, mb/d

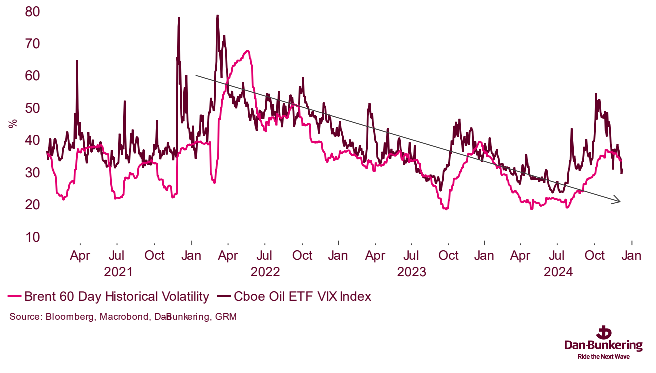


We only see a modest build in global oil inventories in 2025, below the 1.0 mb/d that the IEA mentioned in their latest oil market report. Hence, based on the assumptions above, we see Brent trading in a relatively tight USD 68-78 range in 2025. It also means we expect oil volatility to drop further in 2025 to levels not seen before the Ukraine war. We reiterate that the risk is tilted to the downside, notably if OPEC+, contrary to our assumption, adds more oil to the market.

Oil prices to see strong support around the USD 70 level



We expect to see lower oil volatility in 2025



3. Uncertain situation in Syria, but limited impact on the oil market

The weekend was marked by dramatic news from Syria: President Assad has been overthrown and is now in Moscow, while the rebels have taken power.

From an oil perspective, it is crucial that Assad's supporters from Hezbollah, Iran, and Russia did not come to his aid. It underscores that Iran and Russia are weakened and that the risk of new Iranian attacks on Israel is smaller than previously assumed. This indicates a trend toward further de-escalation in the Middle East and a reduced risk premium on oil as the situation stabilises. However, What happens within Syria remains uncertain and could add some risk premium for a few weeks. But we do not foresee long-lasting impact.

Syria currently has a modest oil production of approximately 40,000 barrels per day. Production has suffered from years of civil war and was over 600,000 barrels per day 20 years ago. However, there is little indication that Syrian oil production will increase in the foreseeable future.

Iran's lack of support for Assad is unlikely to change Trump's intention to impose new sanctions on Iran. Iranian oil exports could fall by between half a million and one million barrels per day in 2025 if Trump implements these sanctions.

The recent development may lead to discussions about potential changes in the Houthies' position or at least cause them to reassess the level of support from Teheran and Moscow. In this context, the reopening of the Red Sea may have become slightly more likely.

Dan-Bunkering
Ride the Next Wave

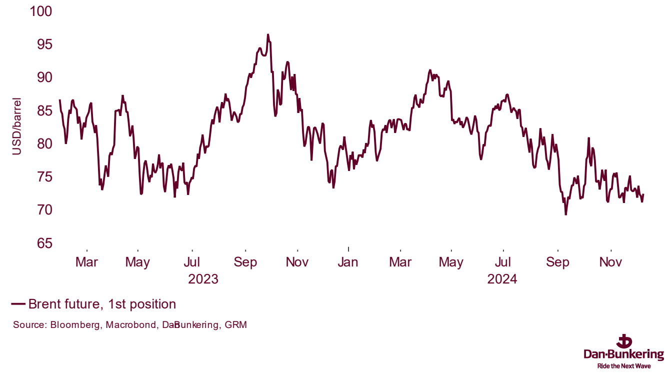
Forecast

	Spot	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
Brent, USD/bbl	72,4	72	73	74	74	73
ICE Gasoil, USD/MT	664	680	693	700	708	695
HSFO (1M 3.5% Rotterdam Barge), USD/MT	415	421	419	419	419	420
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	485	485	483	489	489	486

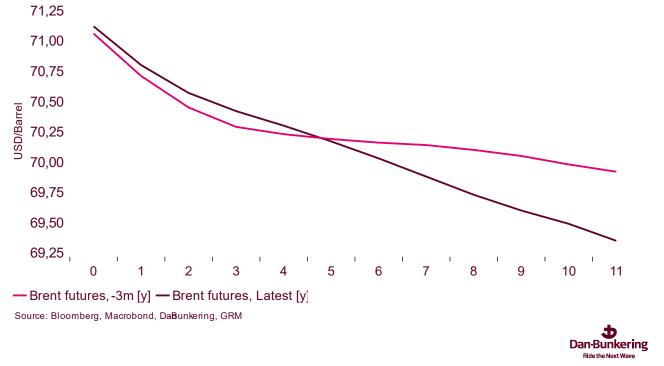
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

Overview Charts:

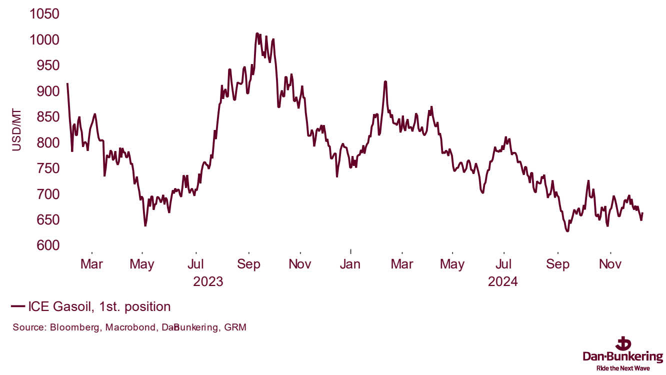
Brent oil



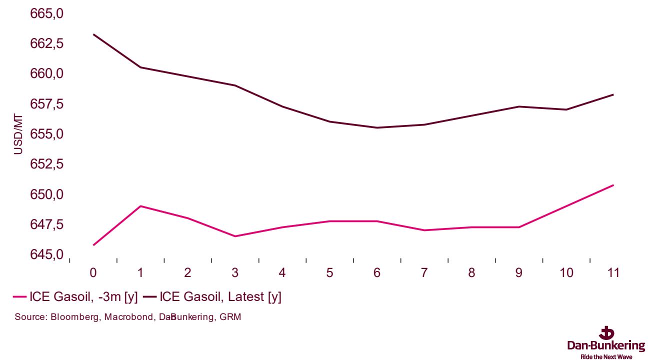
Brent forward curve, indicative prices



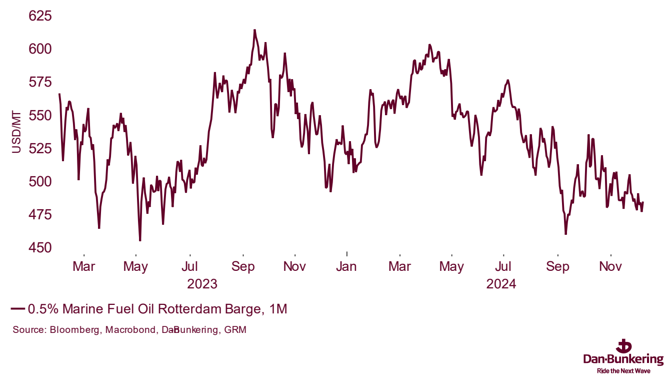
ICE Gasoil



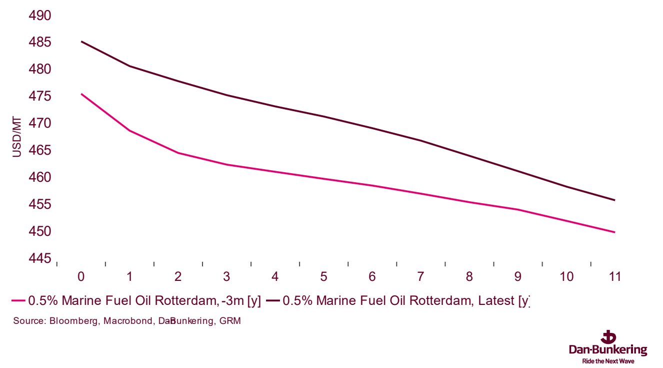
ICE Gasoil forward curve, indicative prices



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