Dan-Bunkering
Ride the Next Wave

Weekly Market Report

December 3, 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	9	5
Demand			

The Asian LSFO market is expected to stay weak due to high stock piles, steady cargo inflows, sluggish demand and uncertain Chinese imports. The Asian HSFO market is expected to see stable oil flows to Singapore, with no increase in December arrivals due to recent refinery maintenance program. The Asian LSMGO market is likely to stay stable with subdued activity and ample supply, as participants await new pricing signals ahead of the January loading spot program.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	6,5	8,5	3,5
Demand			

A saturated market that remains, with steady and yet tepid demand at the same time. Nothing to stand out besides aggressive pricing and suppliers vying for VLSFO stems. A tough market to be a physical, which is no change to the last months. Expected market to pick up ahead of the Christmas holidays, suggest clients book volume and stems soonest to ensure no delays over the end of year period.

Houston

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

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	8	11	7
Demand	■■■□□	■■■□□	■■■□□

Again market is mirroring the demand and we see prolonged notice days.

Malta

	VLSFO	HSFO	MGO
Availability	■■■■□	■■■■□	■■■■■
Days of notice	4,5	5	2,5
Demand	■■■□□	■■■□□	■■■□□

Still very slow - not seeing much movement. Barges are often able to supply later the same night.

Port Louis

	VLSFO	HSFO	MGO
Availability	■■■■■	■■■□□	■■■■■
Days of notice	5	5	5
Demand	■■■■■	■■■■□	■■■■■

Durban

	VLSFO	HSFO	MGO
Availability	■■■■■	■■■■■	■■■□□
Days of notice	3	3	3
Demand	■■■■□	■■■■■	■■■□□

Walvis Bay

	VLSFO	HSFO	MGO
Availability	■■■■■	■■■□□	■■■■■
Days of notice	5	5	5
Demand	■■■■■	■■■□□	■■■■■

Waiting for the OPEC- meeting and strong HSFO market

In this issue, we take a closer look at the delayed OPEC+ meeting on Thursday, December 5, the tightness in the HSFO oil market and the Trump proposal to add 25% tariff on Canadian and Mexican goods, including energy.

1. OPEC+ delays meeting to Thursday, December 5

OPEC+ has postponed its planned meeting from Sunday, December 1, to Thursday, December 5, citing scheduling conflicts with a Gulf Cooperation Council summit in Kuwait City, which several OPEC+ ministers are attending.

However, this postponement may also reflect internal disagreements regarding the group's production strategy for 2025. Two primary issues appear to be at play:

Debate Over Production Increases: OPEC+ members are divided on whether to proceed with the scheduled production increase on January 1, 2025. Implementing the increase could be seen as a move to defend market share—a volume strategy—that might push oil prices toward the mid-$60s per barrel.

Potential Delay or Cancellation of Production Plans: The group is considering delaying the planned production hike by at least three months or possibly abandoning it altogether. A three-month delay aligns with the consensus view.

We anticipate that OPEC+ will opt for the second option and delay for at least another three months or fully cancel the plans, which should support Brent crude prices, potentially pushing them a few dollars higher. Additionally, discussions are expected to address quota compliance and the allocation of larger quotas to the UAE in 2025. The oil market will closely monitor media reports and statements from OPEC sources or anonymous delegates for insights into the group's decisions

2. Trump will add tariffs on Canadian and Mexican exports, including energy

Last week, President-elect Donald Trump announced plans to impose immediate tariffs upon assuming office: a 25% tariff on imports from Canada and Mexico, including energy products, and an additional 10% tariff on goods from China. He stated that these measures aim to penalise these countries for failing to curb drug smuggling—mainly fentanyl—and illegal immigration into the United States.

After Scott Bessent's appointment as Treasury Secretary, financial markets had anticipated a more moderate approach to tariffs. However, most political analysts view these plans as a strategy to pressure Canada and Mexico to address US concerns.

If implemented, these tariffs could significantly impact the oil and oil product markets. Canada and Mexico are substantial crude oil exporters to the United States, with daily exports of approximately 4 million barrels and 0.75 million barrels, respectively.

3. Counter-seasonal tightness in the HSFO market

US refineries, particularly in the Midwest, are configured to process heavy sour Canadian oil. If these refineries seek alternative suppliers due to tariffs, residual oil in the market could be reduced. Canada may face challenges rerouting all its oil to non-US refineries. This scenario could result in a tighter high-sulfur fuel oil (HSFO) market.

In November, we observed a tightening of the HSFO market (unrelated to the discussion above) in both the Amsterdam-Rotterdam-Antwerp (ARA) region and Singapore, evidenced by less negative crack spreads and a lower HI-5 (scrubber spread).

This tightening is unexpected for this time of year, as demand from sectors like Middle Eastern power generation typically weakens in November.

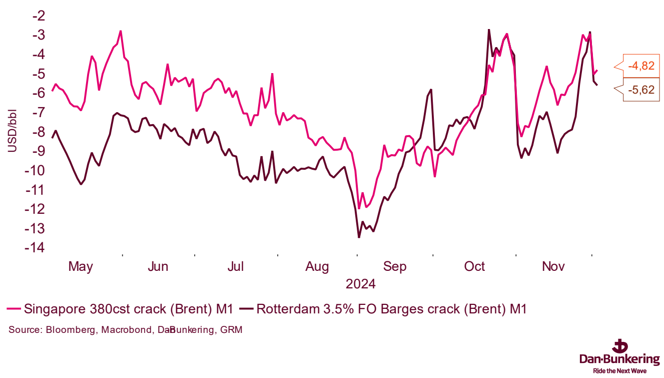
The current market conditions are likely due to reduced refinery supply and unexpectedly strong demand from the maritime sector. Factors such as vessels opting for longer routes around the Cape of Good Hope and increased scrubber installations may have contributed to this demand.

While we believe that the less negative HSFO cracks are temporary, the tightness in the fuel oil market could persist. The introduction of more efficient refineries producing less residual oil, elevated gas prices, and a structural rise in HSFO demand in the maritime sector suggest a sustained tight balance in the residual oils market.

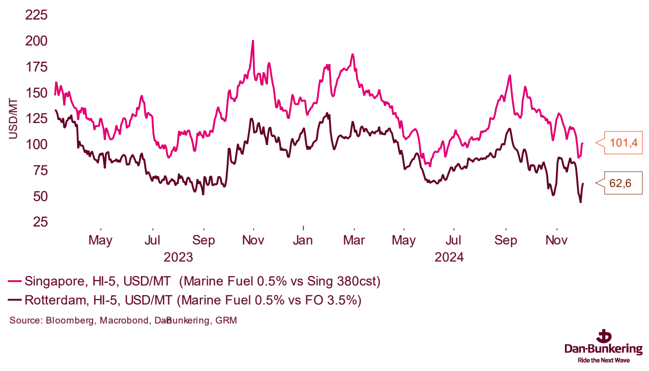
Additionally, inventories are notably low in key regions. Singapore, Fujairah, and the US have reported lower stock levels, and although ARA inventories have declined over the past five months, they remain above the five-year average.

The geopolitical impact on crude oil flows next year, like reduced Iranian exports, no extra OPEC+ oil on the market, and perhaps even tariffs on Canadian and Mexican oil exports to the US, could intensify the tightness in the market for residual oil.

Stronger cracks (less negative) for HSFO in ARA and Singapore, USD/bbl

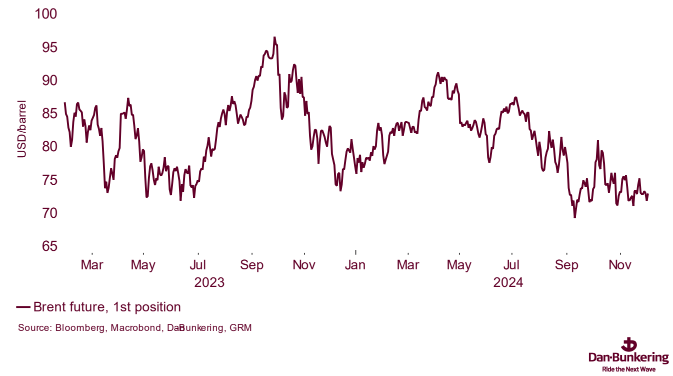


It has resulted in a lower HI-5/scrubber spread (HSFO vs VLSFO). USD/MT (1M)

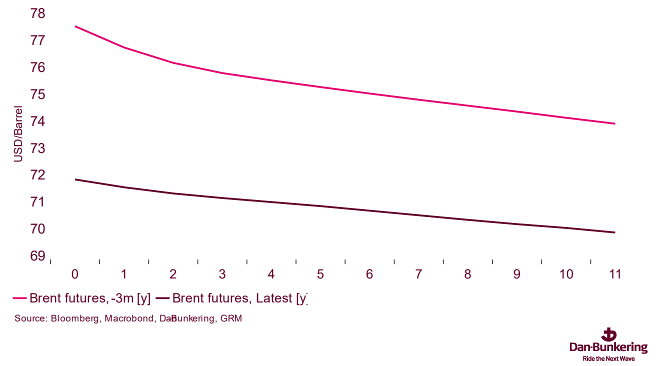


Overview Charts:

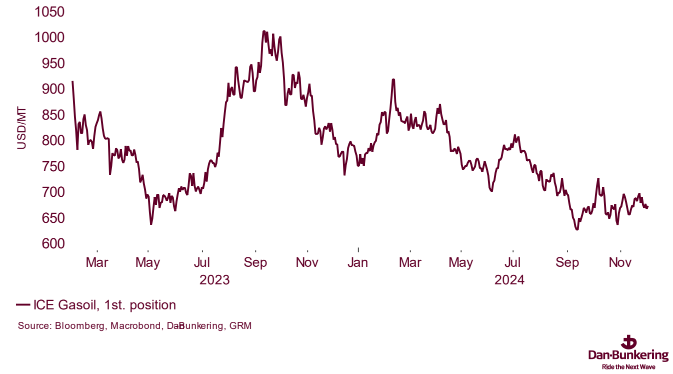
Brent oil



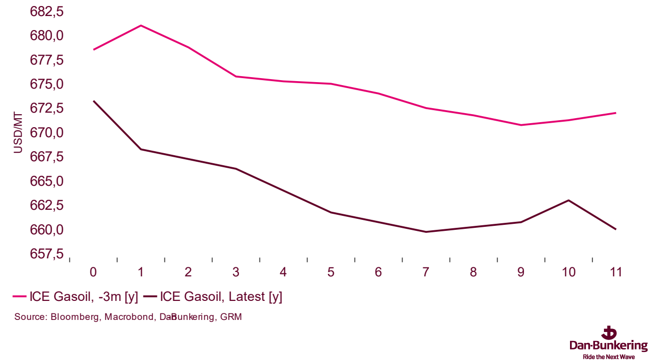
Brent forward curve, indicative prices



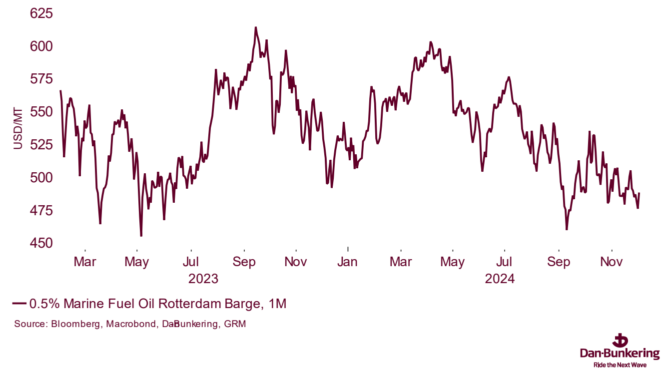
ICE Gasoil



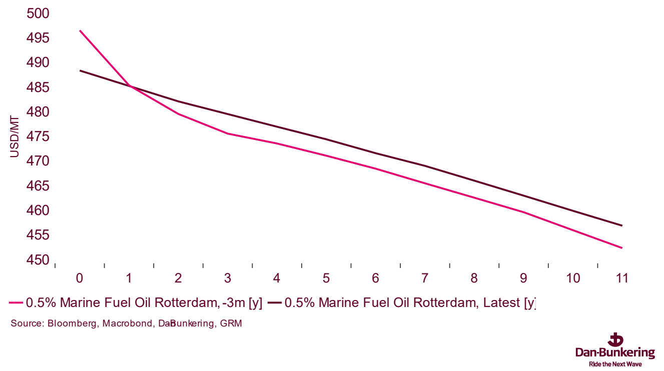
ICE Gasoil forward curve, indicative prices



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