Dan-Bunkering
Ride the Next Wave

Weekly Market Report

Week 17
April 23, 2024

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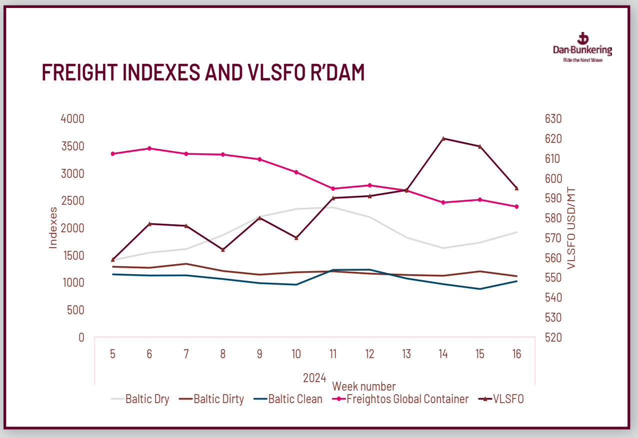
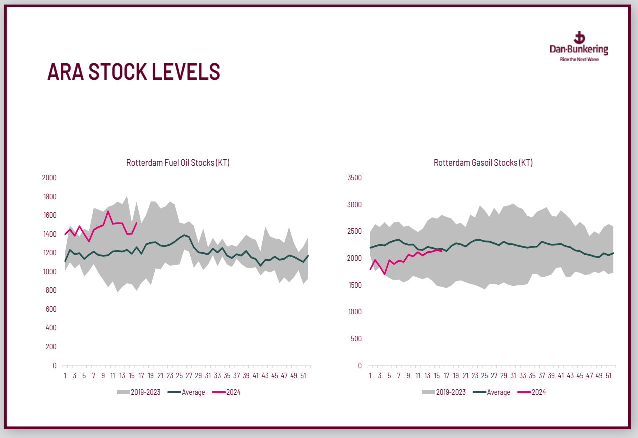
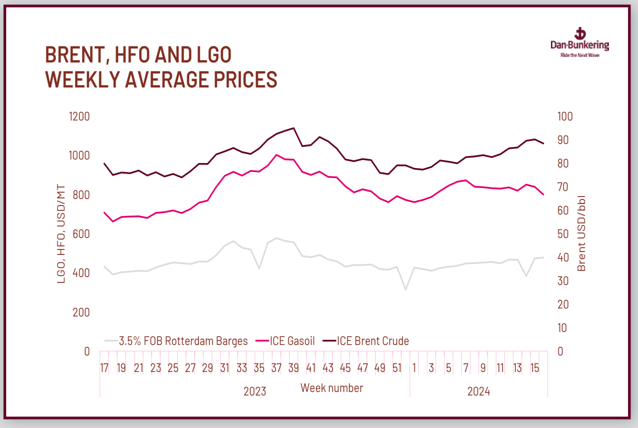
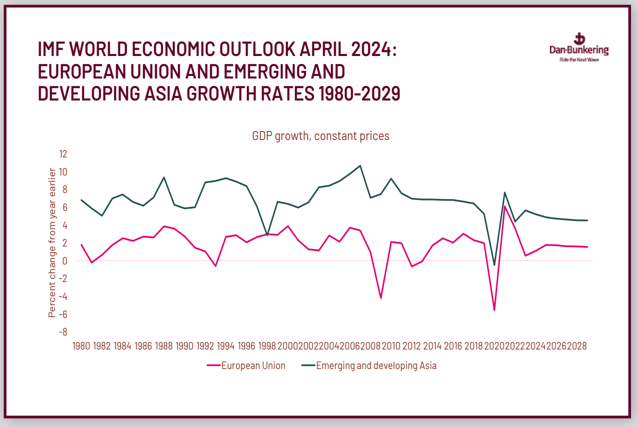








Sources: EIA.gov, ECB, investing.com, Baltic Exchange, Freightos Baltic Index, Refinitiv, Clarksons Research, U.S. Bureau of Economic Analysis, fred.stlouisfed.org, AtlantaFed, OPEC, OECD, Wolfstreet.com, Eurostat, IEA, Dan Bunkering analysis

01. ECONOMIC DATA CALENDAR

Date	Area	Topic	Expect	Prev.	Impact
23/04 15:45	USA	S&P Global Manufacturing PMI (Apr)	50.5	50.3	Economic activity
21:00	Argentina	Economic activity February (YoY)	-3.9%	-4.3%	Economic activity
22:30	USA	API Crude oil stock change		4.1 mb	Oil market balance
24/04 08:00	Saudi Arabia	Balance of trade (Feb)	SAR 33 bn	SAR 28.3 bn	Economic health
09:30	Indonesia	Interest rate decision	6%	6%	Economic health
10:00	Germany	Ifo business climate (Apr)	88.9	87.8	Economic health
10:00	Germany	Ifo expectations (Apr)	88	87.5	Economic health
14:00	Mexico	Mid-month inflation rate April (YoY)	4.5%	1.5%	Economic health
14:30	USA	Durable goods orders March (MoM)	2.5%	1.3%	Economic activity
16:30	USA	EIA Crude oil stocks		2.7 mb	Oil market balance
16:30	USA	EIA Distillate stocks		-2.8 mb	Oil market balance
23:00	Korea	Business confidence (Apr)	71	71	Economic activity
25/04 01:00	Korea	GDP growth rate Q1 (YoY)	2.6%	2.2%	Economic activity
08:00	Germany	GfK Consumer confidence (May)	-25.8	-27.4	Economic health
13:00	Turkey	TCMB interest rate decision	50%	50%	Economic health
14:30	USA	GDP growth rate Q1 (QoQ)	2.3%	3.4%	Economic activity
14:30	USA	GDP price index Q1 (QoQ)	1.9%	1.7%	Economic health
26/04 01:30	Japan	Tokyo CPI April (YoY)	2.6%	2.6%	Economic health
05:00	Japan	BoJ interest rate decision	0%	0%	Economic health
07:00	Singapore	Industrial production March (YoY)	2.3%	3.8%	Economic activity
14:00	Mexico	Balance of trade (Mar)	-$2.9 bn	-0.6 bn	Economic health
14:30	USA	Core PCE price index March (MoM)	0.3%	0.3%	Economic health
19:00	USA	Baker Hughes oil rig count		511	Oil market balance
29/04 07:00	Singapore	PPI March (YoY)	4.2%	-2.8%	Economic health
11:00	Euro area	Economic sentiment (Apr)	97	96.3	Economic health
11:00	Euro area	Industrial sentiment (Apr)	-8.3	-8.8	Economic health
14:00	Germany	Inflation rate April (YoY)	2.3%	2.2%	Economic activity
16:30	USA	Dallas Fed manufacturing index (Apr)		-14.4	

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

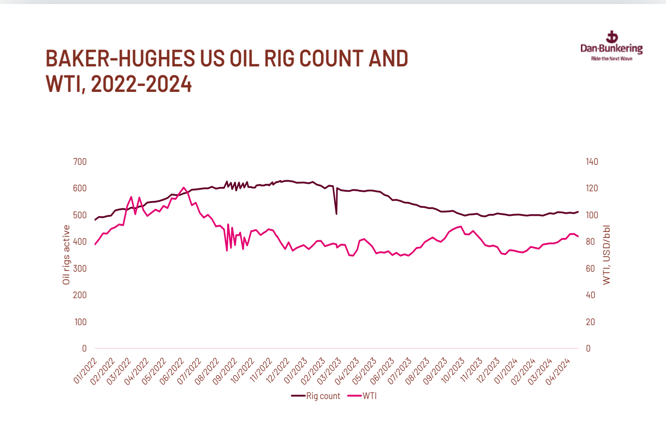
02. WHAT IS HAPPENING IN THE ECONOMY

AHEAD

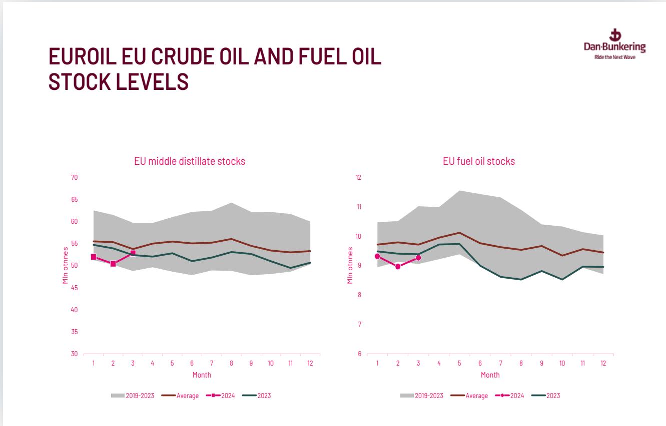
The week **sees** GDP growth rates published for the USA and Korea for Q1. Korea's economy is seen accelerating quarter on quarter, by 2.6% annualized, whereas the US economy is seen slowing down to 2.3% growth annualized, against 3.4% in the fourth quarter. While growth in the USA remains strong overall, a very substantial part of that growth is from government spending, which itself is funded with massive debt expansion. At the same time the price index in the US is still seen falling further. Durable goods orders in the country are expected to have risen modestly from February levels but excluding volatile goods such as airplanes and defense orders, the expansion is very small indeed. Singapore's industrial production is seen up by 2.3% in March, down from strong February numbers. At the same time, the producer price index is turning positive. Prices have been deflating for a while, but in March they are seen up over 4% year on year. Economic sentiment in the Euro area is moving up slowly, to 97 in April, still in contractionary territory. Industrial sentiment in the region for the same month is seen improving, but still negative. Germay's inflation is projected to have increased to 2.3% in April, whereas consumer confidence for May remains strongly negative. Several central banks will decide on interest rates. Japan's central bank is expected to keep the rate unchanged at 0%, Indonesia's unchanged at 6% and Turkey's unchanged at 50%. In the meantime, Mexico's inflation is expected to have risen considerably to 4.5% in April and the country's balance of trade has deteriorated to a deficit of nearly $3 bln. The current situation where the country is curtailing oil exports will very likely add to further deficits. Saudi Arabia's trade balance is seen improving to SAR 33 bn, as rising oil prices are offsetting the lower oil exports.

OIL MARKET

The Baker Hughes oil rig count was up 5 rigs to 511 last week. The weekly average of WTI was $83.9, down $1.1 week on week. The natural gas price at Henry Hub fell to $1.75/mmbtu, down several dollar cents on the previous week.



Investment banks are putting out revised oil price forecasts for the second half of the year, from upwards of $86/bbl for Brent to $90-95/bbl at the high end, with the price projections caveats of loosening fundamentals propped up by geopolitical tension. The product prices, gasoil and fuel oil, correlate very closely with the crude oil price levels. While the forward price structures also correlate strongly, they can and do diverge. The benchmark Rotterdam 3.5% barges curve has been in part contango through the sixth month for some time now, reflecting the underlying weakness. That weakness is further underlined by very high fuel oil stocks in the ARA region. So far, the ICE gasoil curve had held up, keeping its backwardation. Yet over the last week, that curve too moved into contango at the 6-month horizon, reaching $6 dollars. On a daily count basis, the latest period of backwardation is the longest since the 660+ days run from August 2002 onwards. The current count is some 675 days, with a very brief interlude in May 2023. While there is no hard conclusion that can be drawn from the few days contango count, it does signal market weakness. It may be a turning point in the structure of the market. That structure makes it attractive to keep barrels in the storage tank.



Latest Euroil stock data show EU-16 fuel oil stocks moving up, and middle distillate stocks back to the five-year average. ARA gasoil stocks are also back up to their five-year average.

ECONOMY

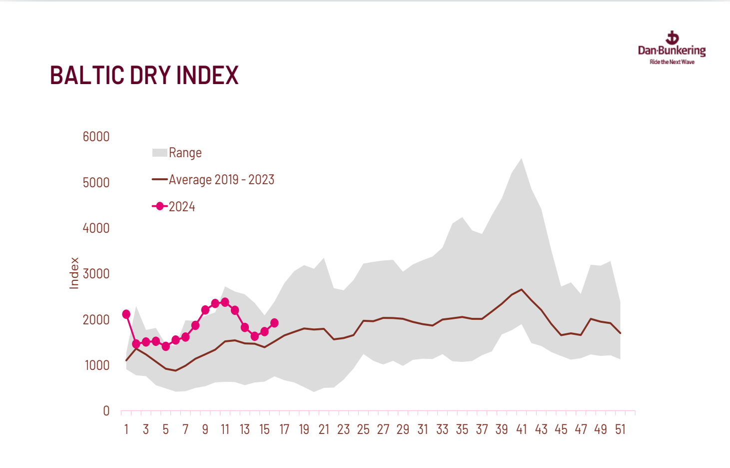
The ports of Rotterdam and Singapore reported on their activity during the first quarter. Rotterdam's total throughput fell 1.4% from the same period last year to just over 110 million tonnes. Liquid bulks account for over 40 million tonnes of that total and crude oil alone over 25 million tonnes and oil products over 7 million tonnes. Both products fell, with crude down less than 2%, but oil products down nearly 9%. Of the other energy products, coal fell below 5 million tonnes, down over 30% as less coal fired power generation was activated in the German hinterland. LNG was up to over 3 million tonnes. The changes arising from re-alignment of trade patterns and policy choices with respect to the energy transition appear to show up in the throughput of the port. Also, the port reports on the impact of the Red Sea diversions on trade and traffic. Over 24% fewer ships called in January and February due to delays and missed sailing, while nearly 14% less volume from Asia was recorded. In March, the effects started to be countered, with more ships calling and volumes from Asia having recovered. Singapore reported a more than 7% growth in cargo throughput in the first quarter compared to a year earlier, reaching nearly 155 million tonnes. Container throughput, which in Rotterdam rose by just under 1% in TEU terms to 1.5 mln TEU and 5% in gross weight, in Singapore rose nearly 8% to almost 90 million tonnes, or 10 million TEU. Oil throughput rose nearly 9% to 53 million tonnes.

March bunkering sales rose 6% year on year in Singapore. Over the first quarter, sales grew 12%, reaching nearly 14 million tonnes, of which nearly 8 million tonnes of LSFO. First quarter bunkering statistics have not yet been released for Rotterdam.

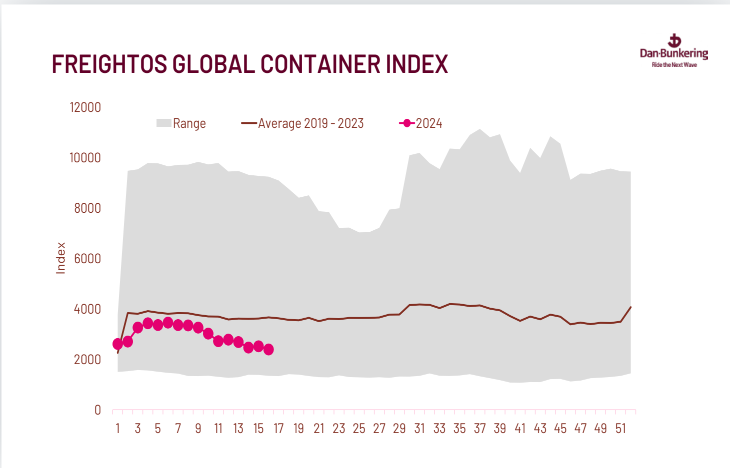
Combined the two port's data show the different impacts of the Red Sea diversions, as well as the changing economic development dynamics. The IMF World Economic Outlook last week clearly highlighted the different speeds. It expects the Eurozone to grow 0.8%, while it sees emerging market and developing Asia growing 5.2% and India alone by 6.8%. This is not a new phenomenon. The growth rates of Asia have been outpacing that of Europe for many years now. However, after many years of growth, the absolute mass of economic output becomes large, and sustained growth on a large number, makes for ever larger large numbers. These are fundamental changes in the make-up of the world economy and global trade flows.

VESSEL RATES

Crude oil tanker rates on the Baltic Exchange TD3 route were down over 8% after last week's 5% fall. The t/c rates were at $35.7k/day compared to $39.1k/day a week before. Voyage rates were reported at just below $9.0/mt on the route on the 19th of April, down $0.3 compared to the week of the 12th. The Baltic dirty index was down 7%, or 88 points to 1114. The level is 6% above the previous 5-year average. The clean index was up 16% on last week at 1022. The index is at 24% above the previous 5-year average. Dry bulk rates rose around 11% or 190 points to 1919 per the Baltic Dry Index. The index is 27% above the five-year average level seen in 2019-2023 for the week. The weekly swings in the indexes are strong, but over the past few weeks have been following their average seasonal pattern.



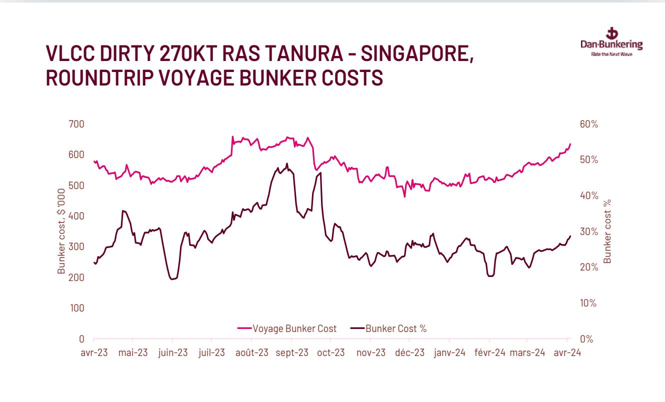
The container market fell around 5% over the last week compared to the 12th of April to 2388 as measured by the overall **Freightos Global Index**. The China to Europe rate fell 6.8% to 3304 over the same period, while the return route fell nearly 8% or 61 points to 708. The level is well below the average level seen since 2017. The China to US West Coast fell over 11% from 3288 to 2911, while the return route fell 11% to 368. The China to US East Coast was flat at 4276, while the return route fell over 30% to 795. Congestion as measured by the last 7-day moving average of containerships in port, was reported at 30%, flat compared to the previous week. The congestion share represents some 8.6 mln TEU, also flat on last week. The idle fleet stood at 290, up 15 from last week, which itself saw a one vessel downward revision in

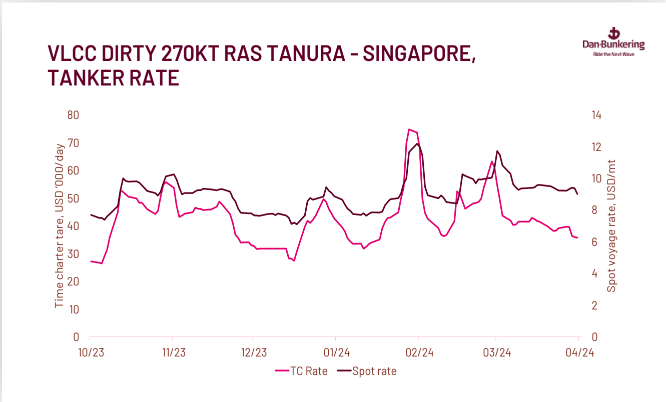


the data. Some 2.6% of the fleet is reported idle (including those vessels retrofitted with scrubbers and those laid-up). Reported average voyage duration between China and the US West Coast is at 19.5 days, down 0.1 day compared to last week. The current transit time is among the lowest recorded for the past 4.5 years for which data is available. Interestingly, sailing time remains low, whereas over the years, the sailing time had been increasing throughout the weekly measurements as the month progressed.

FREIGHT AND BUNKERS

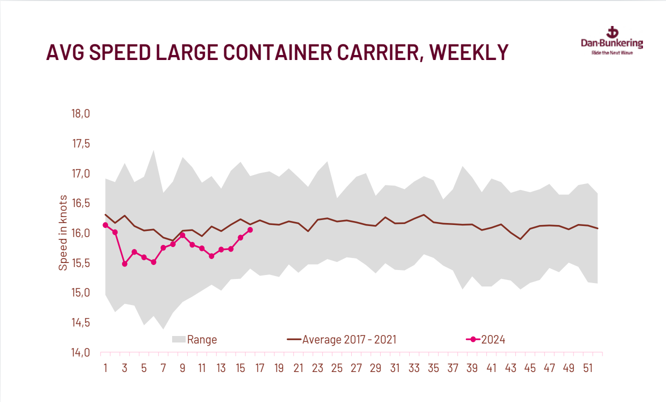
Reported tanker voyage charter rates were flat, at $9.0/mt on the Ras Tanura – Singapore route. Heavy fuel oil prices were up around 5% in Fujairah and nearly flat in Singapore over the week through April 19th. Bunker costs are some 29% of total voyage. If the entire voyage is calculated on VLSFO, bunker costs are some 35%. The VLSFO prices were down 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.

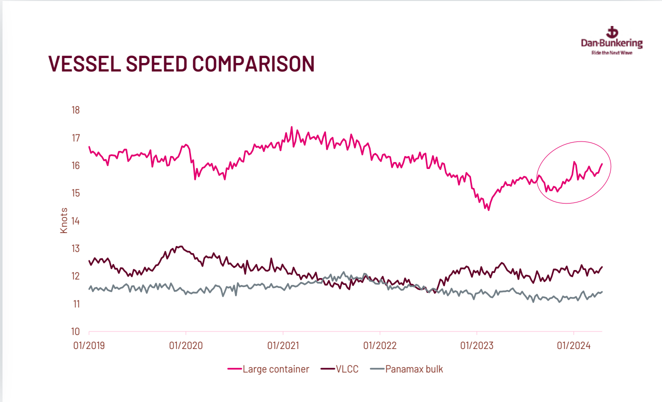




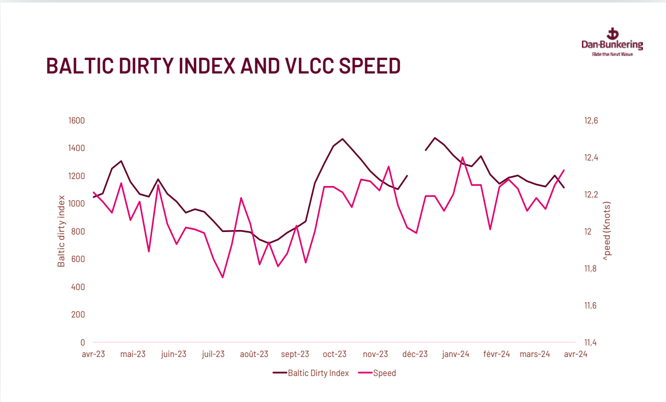
VESSEL SPEEDS

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.

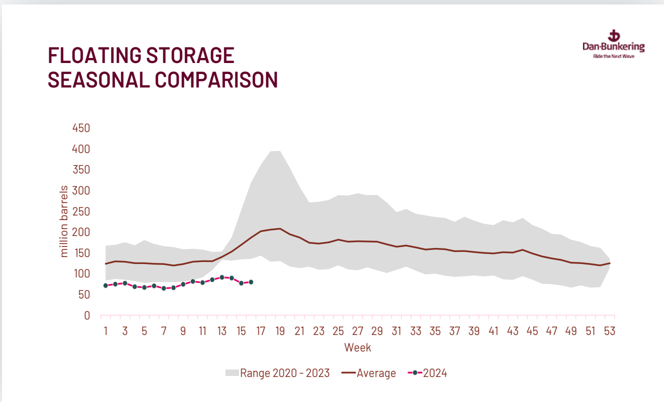




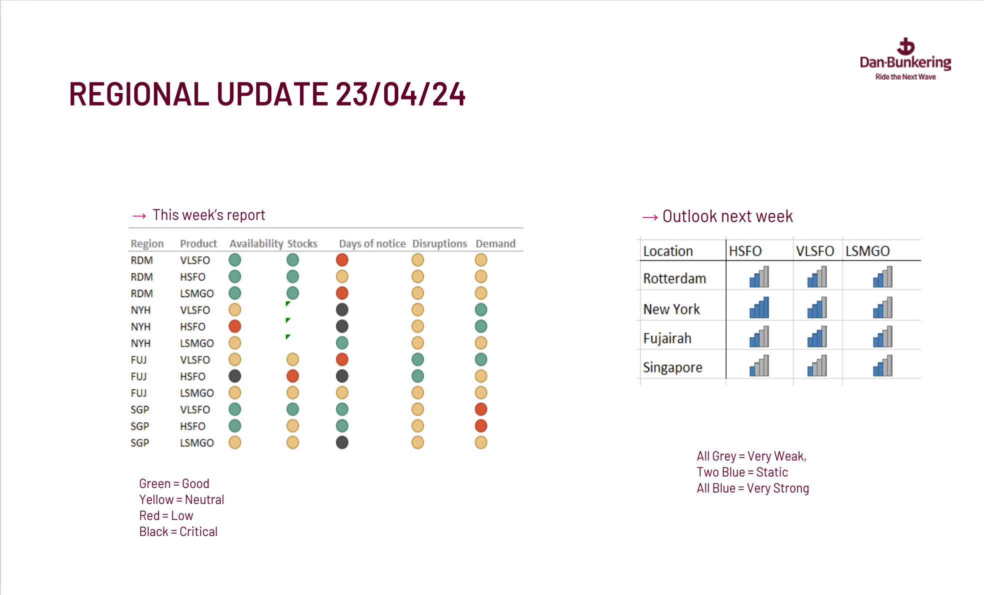
VLCC tanker speeds are up 0.2 knots at 12.3 knots. The current speed reading is slightly above the average of the range seen for the period of the year. However the movements in the speeds are occurring in a very small band around that average. The idle share of the fleet was at 5.54% in deadweight terms, up 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 35 mln DWT, up 1 mln dwt compared to last week. The current level is 45% higher than the "normal" average. The current number of idle vessels rose by 18 vessels to 253 compared to last week (which was lowered up by 2 vessels).



The floating storage (excluding the dedicated storage) stands at 111 vessels, up 10 vessels on last week's number, which was revised up by 1 vessel. These numbers cover all tankers over 10,000 DWT, both products and crude. In capacity terms, the storage is over 79 million barrels, up just below 3 mb compared to last week. 70 product tankers are reported functioning as storage, accounting for under 27 mb. 41 crude tankers vessels accounted for just under 53 mb of stored oil, down around 2 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 is on the rise again.



03. REGIONAL REMARKS



FUJAIRAH

Unprecedented storms in the region have led to many terminal and loading delays across the board with all suppliers. Delays are expected as the backlog begins to clear.

In addition, extremely tight HSFO cargoes coming into the market recently are creating lead times of up to two weeks, very few can do prompt. VLSFO is also seemingly tight with most earliest supplies closest to month end; the few whom are able to assist prior add hefty premiums to the supply dates.

ARA

The market is balanced this week.

SINGAPORE

VLSFO: The VLSFO market will likely see more support over April 22-26 to prop up upstream valuations during the second half of April, compared with a relatively weak outlook during the first half of the month. LSFO cargo availabilities in Singapore are likely to remain adequate for end-users' requirements but are expected to tighten in balance-April. The overall outlook is supply may remain ample to meet end-user requirements in the near term.

HSFO: In Asia's high sulfur fuel oil segment where upstream valuations have also gained some positive momentum with stronger cracks in the past trading sessions, busier stocking activity ahead of peak summer demand in the Middle East helped buoy market sentiments. Recent tensions in the Middle East have fueled supply disruption concerns which may result in fewer arbitrage flows toward Asia.

Even though HSFO outlook for forward months has strengthened, supplies around the Singapore hub might remain ample for the near term, with an expectation of shortages for downstream markets. In Singapore, HSFO demand is likely to remain steady, but competitive selling activity among market participants to draw down stockpiles might continue to pressure delivered premiums.

GO: Softer demand and unfavourable East-West arbitrage economics are expected to exert downward pressure on the Asian ultra-low sulfur gasoil complex April 22-26, with some Northeast Asian refineries mulling production cuts to alleviate the existing supply surplus.

Regional indicators : prices in USD to benchmarks (week to 18/04)

	ARA		FUJ		NYH		SGP	
	USD/MT	BM	USD/MT	BM	USD/MT	BM	USD/MT	BM
HSFO	10	FOB Rdam Barges 3.5%	10	MOPS380	25	MOPD380	12-16	MOPS380
VLSFO	11	FOB Rdam Barges 0.5%	12	MOPS 0.5%	50	MOPS 0.5%	11-14	MOPS 0.5%
LSMGO	-35	ICE Gasoil	105	MOPS GO 10ppm	0.05	HO	0-5	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	10-12	5	8
VLSFO	4-6	6-8	7	9
LSMGO	4-6	3-5	1	5

04. FORWARD CURVES, NON DELIVERED

On our weekly review, the ICE Gasoil curve fell $58.5/mt at the front compared to last week in absolute terms (April 19th compared to April 12th). The curve moved to contango on the front months. The six-month fell by $40.5/mt. The time spread for the 6-month period decreased over $18/mt to plus $6/mt. The 3.5% barges' curve is in contango for the first five months of the curve, but shows a $2 backwardation on the 6-month contract. Contango is nearly $9/mt at the three-month horizon, but shows $2 backwardation at the six-month time-spread. The front fell $5/mt while the six-month fell $10.8/mt. The VLSFO 0.5% backwardation increased $0.3/mt to -$29.5/mt, compared to a week prior.

The relative value of VLSFO compared to LGO at 6 months was up at 71% and in absolute terms down $22 at -$227/mt compared to 75% or $192/mt below LGO at the front. That $192/mt is down $40/mt on last week's reading when the front was at 72% of LGO.

Monday the 22th saw the front move down over $2 on Friday's $781/mt close to reach $778.75/mt. On Tuesday end morning, the ICE Gasoil curve saw the 6-month structure increase by around $2/mt compared to the Friday level. The front was up $4/mt on Monday's level and the 6-month was up, by $2/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 flat compared to Friday the 19th.

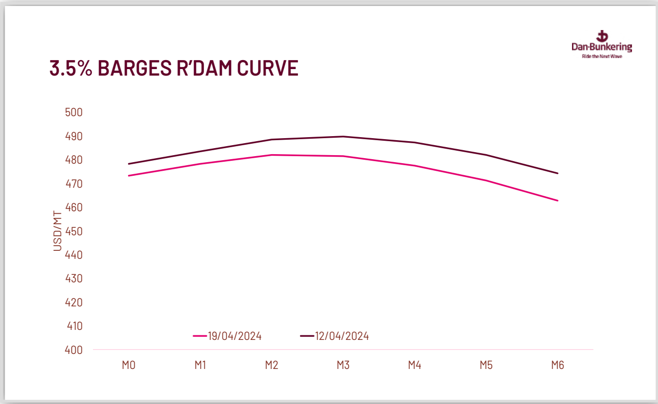
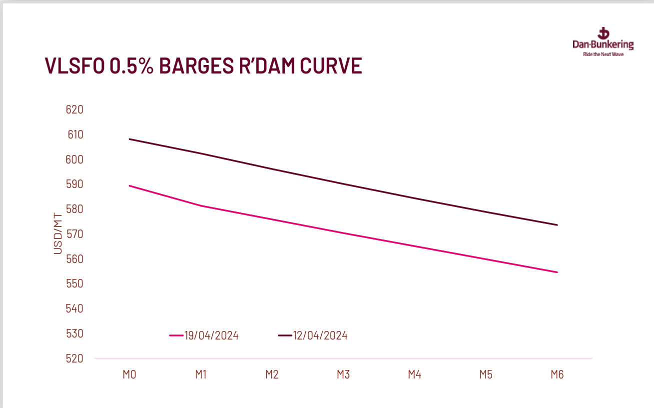
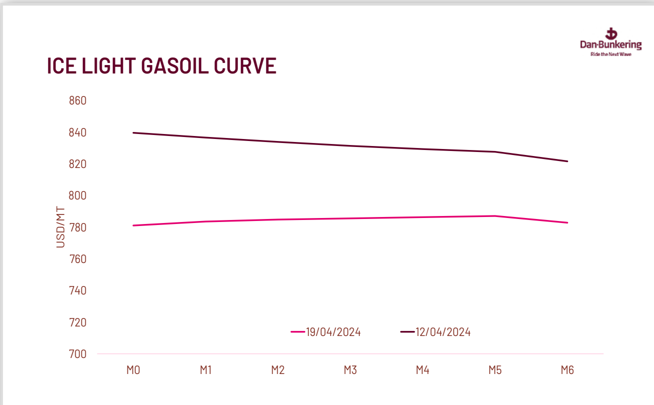
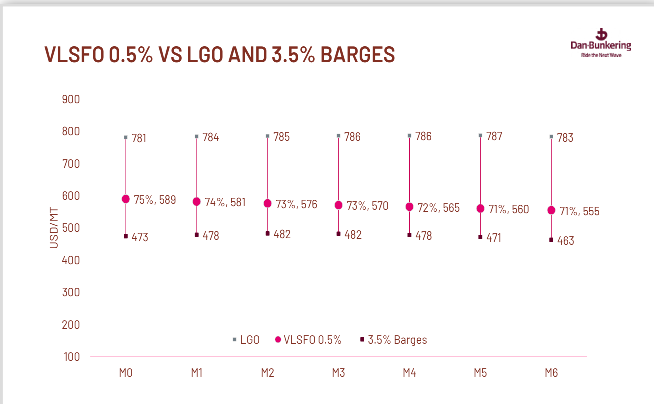


Figure 1 ARA Curve







M0 is May 2024

05. CHANGES FROM LAST WEEK

The forward complex for LGO saw the front fall 3.6%, while the sixth month level fell by 1%. The curve trajectory is fully backwardated, with the M5-M0 at 1.4% backwardation. The Fuel Oil Rotterdam front month fell 2.1% and the 6-month fell 0.5%. The curve is 0.8% in contango on the six-month horizon (but stronger on the earlier months). The VLSFO curve saw its backwardation decrease to 4.8% as the front fell 0.5%, while the back rose 0.1%.

Brent Ref:	-3.2	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	-3.0	7.0	-3.3	-0.1	-18.8	-6.3	-58.5
May-24	-5.0	6.5	-1.5	-0.6	-18.8	-5.0	-58.5
Jun-24	-7.3	3.5	-2.8	-0.9	-21.0	-5.3	-53.0
Jul-24	-9.3	0.0	-2.6	-1.0	-20.3	-6.5	-49.0
Aug-24	-11.0	-2.5	-2.5	-1.3	-19.8	-8.3	-45.8

06. OUR VIEW

With Venezuelan sanctions back on, although with exemption for Chevron's deal, and new sanctions on Iran being crafted, the oil market finds itself with further regulatory barriers. As we said many reports ago, the oil will flow anyway. It will just be more expensive. Russia was China's biggest oil supplier in March, reaching over 2.5 mb/d, up over 12% year on year. The country also recorded imports from Venezuela during the month. For now, the oil price is propped up by political decisions. At this point the financial market's abbreviation TINA, there is no alternative, still is applicable for oil. The EU is now forced to review its internal combustion exit, with the EU's auditor saying that the economic bloc's emission targets cannot be achieved without hurting industry and consumers. And so it goes. The IEA's off-the-cuff remark that demand growth is back to trend this year, masks the fact that had the previous decade's growth continued, rather than having a demand fall-out in 2020, demand would have been close to production capacity. It would have crippled the economy. It appears that sharp economic pullbacks are now necessary to slow the consumption of oil.

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)