Dan-Bunkering
Ride the Next Wave

# Weekly Market Report

February 18, 2025

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

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Ride the Next Wave

# Bunker Port Brief

## Singapore

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | | | |
| Days of notice | 5 | 5 | 4 |
| Demand | | | |

The Asian LSFO market is expected to stay stable to weak this week, as subdued bunker demand offsets a slowdown in arbitrage arrivals from the West.

The HSFO market is expected to stay moderate for the week. Weak spot demand is pressuring premiums, while ample replenishments will keep stock levels high.

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

## ARA

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

General levels of demand are lower than in previous weeks - but product avails remain stable. Particularly on MGO, there are more prompt avails, where we look at 3-4 days lead time on Fuel oil. Backwardation on VLSFO has disappeared so less smart trading opportunities there.

## Fujairah

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | | | |
| Days of notice | 5-8 | 8-10 | 4-7 |
| Demand | | | |

Demand has returned to normal levels after the Chinese New Year, with premiums starting to rise slightly. However, suppliers continue to be highly eager to secure volumes.

## Houston

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

Inclement weather, specifically seasonal fog and high winds from cold fronts moving through continue to cause interment channel closures and affect bunkering operations. Some degree of operational delays should be expected through the next several weeks. Vessels electing to bunker in Houston or Offshore US Gulf and are on very tight schedules are recommended to have contingency plans in the event of delays or missed delivery.

## New York

| | VLSFO | HSFO | MGO |
|---|---|---|---|
| Availability | ■■■□□ | ■□□□□ | ■■■■■ |
| Days of notice | 3 | 8 | 1 |
| Demand | ■■■□□ | ■■■■□ | ■■■□□ |

Demand has been flat across the bbl. The weather has been affecting most aspects of bunkering in NYH the past few weeks. VLSFO barges are not heated in NYH causing some issues. Seeing steady HSFO demand from the liner segment. South of NYH demand for VLSFO has increased from bulk ships.

## 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 | 7-9 | 3-4 |
| Demand | ■■■■□ | ■□□□□ | ■■■■□ |

## 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 | | | |

# Bearish factors drive oil lower

*It has been another eventful week for the oil market, and once again, Trump and his administration have played a key role.*

*This week, there are no major events scheduled. Hence, it will be another week focused on geopolitics, including the situation in Ukraine and tariff news.*

*Over the last week, we have generally seen a bearish tone in the market, with Brent trading as low as USD 74  On Thursday after trading above USD 77 the day before.*

*We still expect Brent oil prices to be higher in Q2 and Q3 as the impact of sanctions on Russia, Venezuela, and Iran—particularly on Iran—is expected to affect the global market balance.*

*However, as discussed below, the likelihood of Russian sanctions being eased by the Trump administration has increased. On the other hand, it seems that OPEC+ is still ready to defend Brent from falling below the USD 70 -74 range.*

*There is not much to report from the fuel oil space. HSFO remains supported, though the cracks seem to have stabilised. We see a tendency for VLSFO to become more expensive, but the movements are much more moderate than HSFO.*

*We see an upside risk for distillate cracks over the coming months. It seems that more and more refineries are adhering to sanctions. Lately, Bloomberg reported that a Turkish refinery had decided to comply with US sanctions. There are also many reports of Ukrainian attacks on Russian refineries. Over time, it may dent Russia's ability to export products to the world market. Easing of US sanctions on Russia may work in the other direction.*

*Below, we discuss three factors that have weighed on oil prices and one supportive factor.*

## 1. The US may lift US sanctions on Russia

Today, representatives from Russia and the US held talks in Saudi Arabia to discuss ending the war in Ukraine. The meeting has attracted significant attention despite neither the EU nor Ukraine— which Russia illegally invaded in 2022—being invited.

The meeting followed former US President Donald Trump's infamous 90-minute conversation with Putin last week.

The US Secretary of Defense has already stated that Ukraine will have to cede territory, will not join NATO, and that the US will not contribute peacekeeping forces. In other words, the Americans have already made significant concessions to Putin.

The oil market interprets these concessions as a signal that it is only a matter of time before the US also lifts sanctions on Russia. Contrary to our previous arguments, this development reduces the risk of rising oil prices in the second and third quarters. The preliminary comments from the meeting in Saudi Arabia suggest the same trend.

However, it seems that Russian sanctions are having an impact today. The chart below shows that Russian seaborne exports are under pressure. The question is if they will be lifted quicker than previously expected.

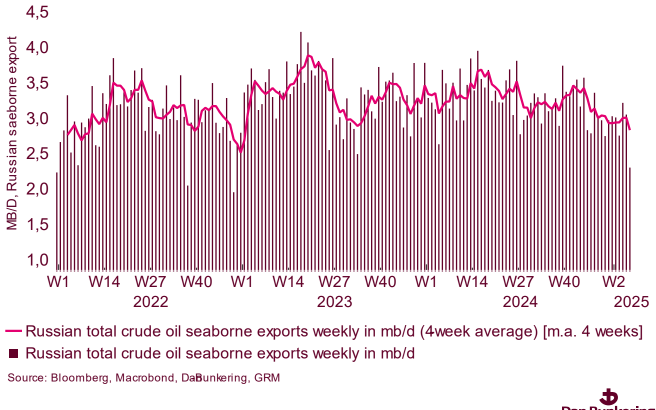
## 2. US Inflation concerns may delay rate cuts and weigh on demand

US inflation figures were the big event last week, coming out higher than expected.

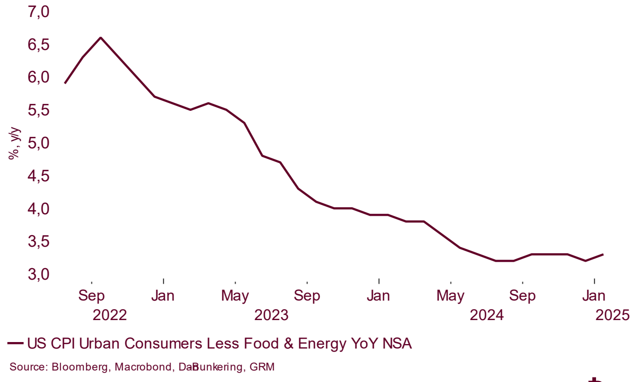
Core inflation rose by 0.4% m/m, equivalent to 3.3% y/y, well above the 2% preferred level. The figures increased the risk that the next move in US interest rates will not be a cut but a hike. It could impact risk appetite and increase the likelihood of further strengthening the US dollar.

However, the euro strengthened this week due to expectations of peace in Ukraine.

**Russian seaborne export has fallen in 2025, mb/d**




**High US core inflation may dent risk appetite as the next move from the Fed may be a rate hike, % y/y**




## 3. The market balance may be weaker than previously expected

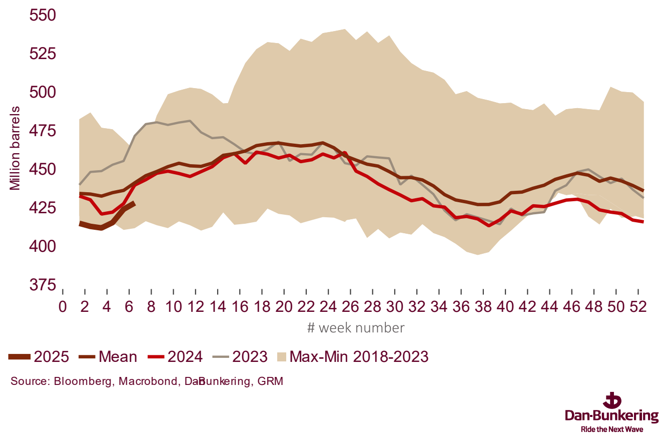
US oil inventories increased by 4 million barrels last week, marking the third consecutive week of rising stockpiles.

This may reflect that US refineries are hoarding Canadian oil ahead of potential tariffs taking effect on March 1. Furthermore, it is also typical to see US inventories rise at this time of year, and US crude oil inventories remain below last year's levels. However, it could also indicate a more fundamental weakening of the US market balance.

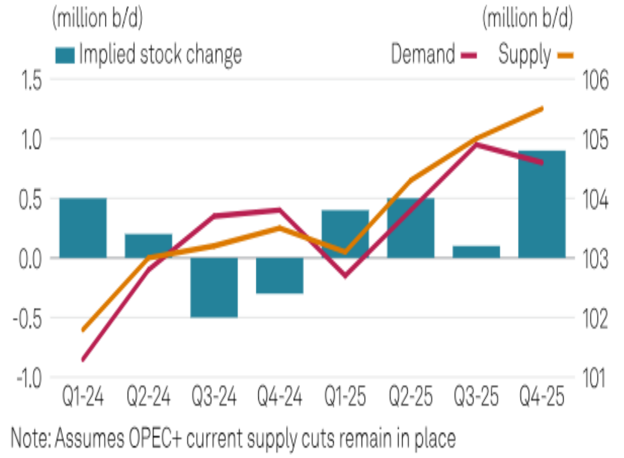
Interestingly, the International Energy Agency (IEA) published its oil market report last week. The IEA now expects a smaller oil surplus in 2025 than previously forecasted. The IEA anticipate a significant impact from sanctions on Russia and Iran.

We generally agree with the IEA's analysis, but as noted above, we are beginning to doubt whether the US will maintain sanctions against Russia.

**Rising US crude oil inventories, though still below the level a year ago, million barrels**




**IEA sees less inventory build in 2025 than previously expected, mb/d**




### 4. OPEC+ may delay plans to add more oil

However, we would like to highlight one crucial piece of bullish oil news. Yesterday, oil prices received a boost after Bloomberg reported—based on anonymous OPEC delegates—that the cartel is considering delaying plans to introduce more oil into the market for the fourth time due to a "fragile oil market." The official plan remains a gradual production increase starting on April 1.

The statements highlight that OPEC+ does not want prices to drop below the USD 70-74 range and is willing to forgo further market share to maintain higher oil prices.

These comments directly oppose Trump's desire for increased production to lower prices. It was unsurprising that Russian Energy Minister Novak dismissed the report later in the day.

However, this dismissal should not be taken too seriously. Russia was likely keen to avoid making statements that might antagonise Trump ahead of the U.S.-Russia meeting in Saudi Arabia. Instead, the remarks may signal that Saudi Arabia has no intention of yielding to Trump's pressure. Notably, neither Saudi Arabia nor OPEC has denied the report.

The market was also supported by reports that Ukraine had struck a pumping station in Russia, affecting oil exports from Kazakhstan via Russia.

### Price outlook: Risks 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 reflects increased uncertainty and the upside risks associated with sanctions. Additionally, we raised our expectations for distillate cracks. Our oil forecasts remain well above the Brent oil and product forward curves.

The market is likely to be sensitive to corrections when trading in the mid-to-high 80s. Brent at these levels could trigger a supply response from OPEC+, potentially prompting the cartel to add even more oil. USD 72 is seen as a strong support level, with OPEC+ expected to delay production increases if the price falls below this threshold. The recent development regarding US sanctions on Russia adds downside risks to our price forecasts.

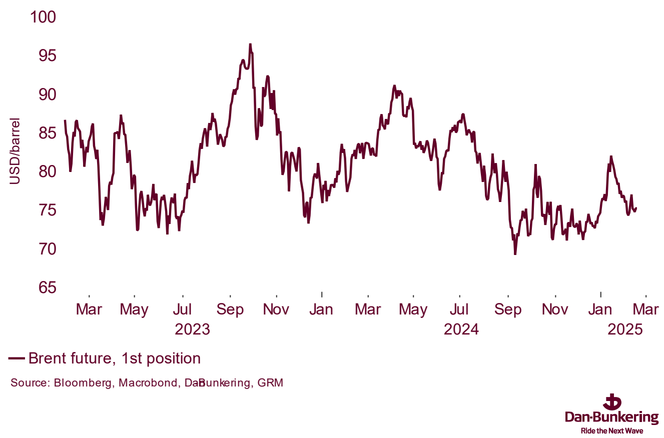
## Forecast

| | Spot | Q1 2025 | Q2 2025 | Q3 2025 | Q4 2025 | avg. 2025 |
|---|---|---|---|---|---|---|
| **Brent, USD/bbl** | 75,2 | 78 | 81 | 81 | 80 | 80 |
| **ICE Gasoil, USD/MT** | 718 | 736 | 775 | 790 | 752 | 763 |
| **HSFO (1M 3.5% Rotterdam Barge), USD/MT** | 447 | 462 | 483 | 476 | 457 | 470 |
| **VLSFO (1M 0.5% Rotterdam Barge), USD/MT** | 510 | 526 | 533 | 533 | 527 | 530 |

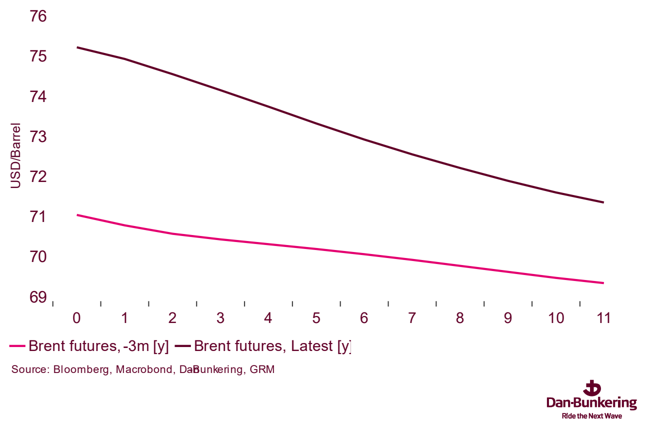
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

# Overview Charts:

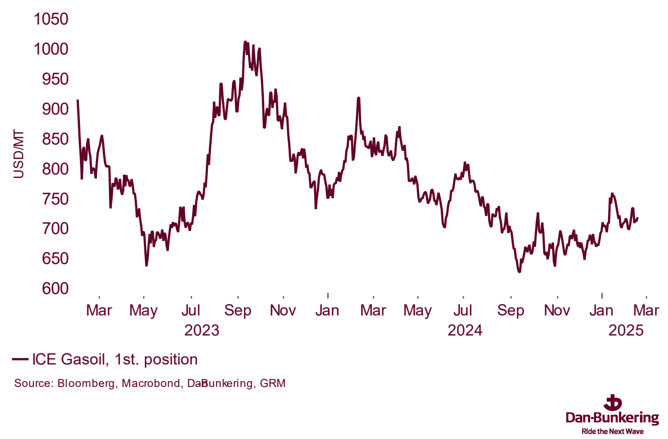
### Brent oil



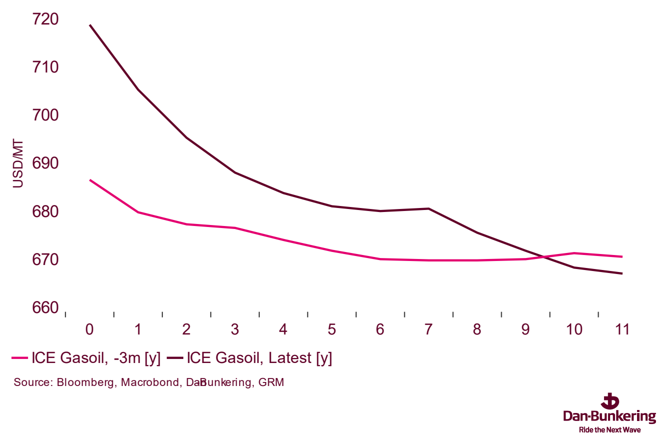

### Brent forward curve, indicative prices



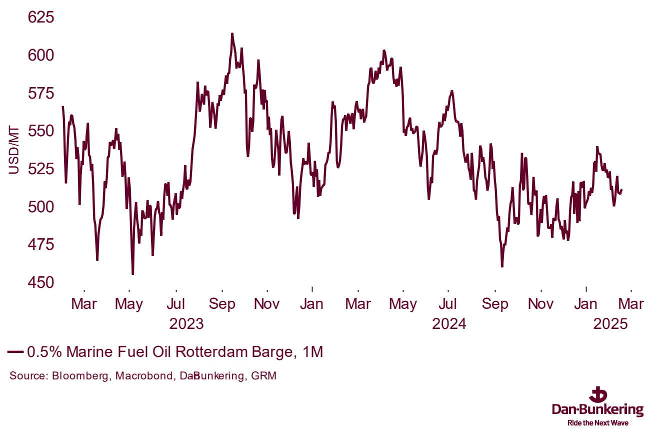

### ICE Gasoil



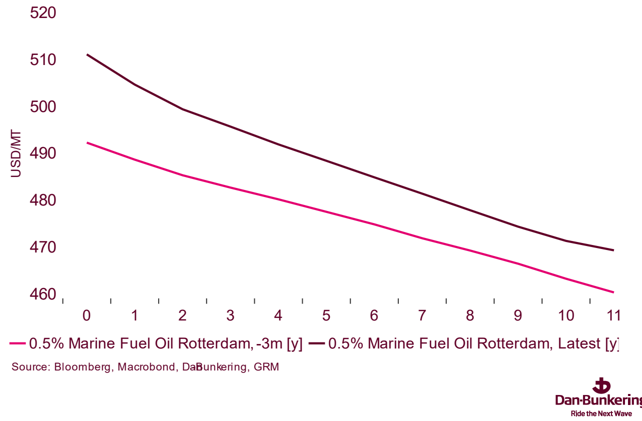

### ICE Gasoil forward curve, indicative prices



## 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