Dan-Bunkering
Ride the Next Wave

Weekly Market Report

November 12, 2024

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

Bunker Port Brief

Singapore

	VLSFO	HSFO	MGO
Availability			
Days of notice	9	10	1
Demand			

The Asian LSFO market dynamics are expected to stay rangebound for the near term, owing to mixed sentiments, though ample inventories for the week ahead could weigh on valuations. The market has moderated to a more neutral/slightly bearish stance as steady flows of LSFO could keep stockpiles replenished.

The Asian HSFO market is expecting steady flows to keep the market well-supplied, while arrivals from South Asia could also add to overall inventory. Despite this, downstream HSFO bunker demand is likely to remain stable for the trading week.

The Asian LSMGO complex could continue to trend downward over the week on the back of expectations of easing supply tightness in December as cargoes from India and the Persian Gulf continue flowing toward the East of Suez.

ARA

	VLSFO	HSFO	MGO
Availability			
Days of notice	5-6	8-10	4-5
Demand			

MGO and VLSFO are both becoming better supplied, moving closer to balanced levels. It is possible to find product on the prompt.

HSFO remains tight and has even been tightening since last week. Still, although confirmation is needed, some cargoes are expected to come to ARA. The incoming cargoes will be lighter at 380 cst. The RMK (500/700) market will remain tight, while we expect HSFO to ease.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	2	7	2
Demand			

In Fujairah, the low flat price environment has led to thinner than usual spot LSFO trading activities, with some bunker suppliers choosing to stay on the sidelines, average weekly bunker premiums decline 17.26% on the week to SIN MOPS 0.5 plus $8.50/t for the week ended Nov. 8.

HSFO is very tight due to lack of cargoes and some suppliers 25-28 Nov onwards, ensure enough lead time to avoid higher premiums.

New York

	VLSFO	HSFO	MGO
Availability	●●●●○	●●●○○	●●●●●
Days of notice	5	7	1,5
Demand	●●●○○	●●●●●	●●●○○

November HSFO demand is very heavy from liner segment. VLSFO demand muted. LSMGO demand has ticked up and now offered on a premium to underlying futures going into winter season.

Houston

	VLSFO	HSFO	MGO
Availability	●●●○○	●●●○○	●●●●●
Days of notice	7-10	7-10	3-5
Demand	●●●●○	●●●○○	●●●●○

VLSFO and HSFO avails are tightening both on the reapply and barge side. Recommending at least 1 week notice for both grades. I expect this trend to continue as we approach the end of the year. Bulk suppliers will reduce their inventories as yearend approaches to avoid ad valorem tax for product in tank rolled over to the new year. Avails should remain ok through the end of this month an 1H of December tend to get very tight 2H of December with higher-than-normal premiums.

Gibraltar

	VLSFO	HSFO	MGO
Availability	●●●●○	●●●●○	●●●●○
Days of notice	4-5	4-5	4-5
Demand	●●●●○	●●●○○	●●●●○

Malta

	VLSFO	HSFO	MGO
Availability	●●●●○	●●●●○	●●●●○
Days of notice	4-5	4-5	4-5
Demand	●●●●○	●●●○○	●●●●○

One supplier still has no barge available.

Port Louis

	VLSFO	HSFO	MGO
Availability			
Days of notice	3	3	3
Demand			

We are seeing increase in Fishing vessels calling Port Louis. Increase in volume is also driven by Port Elizabeth that no longer offer the option for bunkers.

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			

Uncertain outlook for oil prices after the election of Donald Trump

The election of Trump and the likely clean sweep of the Congress can materially change the outlook for global oil markets. The election result has both positive and negative implications for oil prices. However, the risk to the downside has grown. In today's issue, we discuss the consequences for oil prices.

We stick to the view that Brent will slowly edge higher towards USD 80 in 2025 based on the view that OPEC+ will not add more oil to the market in 2025, that interest rates will be lowered across the globe, and that global growth will continue to grow around 3% next year.

In the short term, we should expect a volatile market driven by risk appetite, USD FX and geopolitics. We see oil in a USD 70 to USD 75 range over the coming weeks.

Impact of US election

1. The Trump trade is on

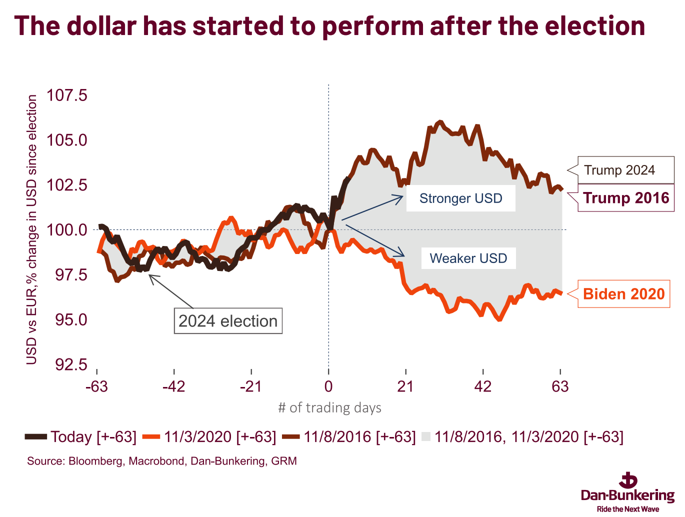
The Trump victory and what points to a likely clean sweep in Congress, with the Republican Party gaining control of both the Senate and the House, gives Trump a platform to get his policy through. It implies that,

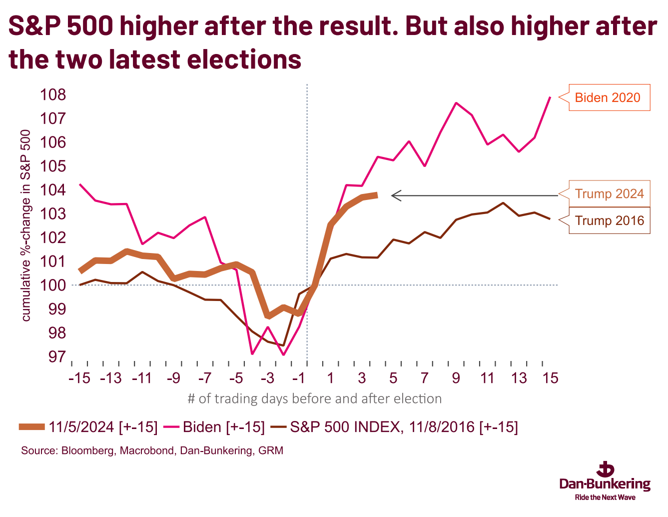
* Trump can more easily extend his tax cuts in Congress next year.
* He will find it easier to change/dismantle the Inflation Reduction Act
* The so-called "Trump trade" will likely gain further momentum

The Trump win, Trump tax cuts, and potentially higher tariffs point towards higher inflation, leading to fewer interest rate cuts in the US and a steeper yield curve (higher long-term rates relative to short-term rates).

In the FX market, we should expect a stronger US dollar. We expect EUR/USD to drop towards 1.02 in 2025. We should also expect less regulation, which is positive for banking stocks, US oil companies, and crypto. Green stocks, on the other hand, may suffer. Countries and companies exporting to the US may suffer due to the tariffs.

We saw the Trump trade perform after the election result was announced on Tuesday morning. The US dollar has performed well, equities and cryptocurrencies are higher, and green stocks are under pressure. There has been upward pressure on US rates and downward pressure on EU rates.





2. More Uncertain outlook for oil markets

The outlook for oil market and oil prices are more uncertain after the Trump win.

First, a stronger US dollar is negative for oil. The US dollar and oil prices are often negatively correlated because oil is globally priced in US dollars. When the dollar strengthens, oil becomes more expensive in other currencies, potentially reducing demand and putting downward pressure on oil prices. Conversely, a weaker dollar makes oil cheaper in other currencies, boosting demand and increasing prices. Additionally, investors may view commodities like oil as a hedge against dollar weakness, increasing speculative investment in oil futures when the dollar declines.

However, this time, the stronger US dollar is due to the expected strong performance of the US economy, notably as fiscal easing boosts the economy. Hence, the growth effect might mitigate some of the anticipated impacts of the stronger US dollar. Higher tariffs pose a clear risk to the outlook for global growth.

Secondly, US oil companies might respond cautiously to Trump's "drill baby drill" mantra due to concerns over global overproduction and low oil prices. Having previously suffered from price crashes, such as in 2014-15, caused by oversupply and OPEC adding supply, energy companies are wary of ramping up production solely based on political encouragement.

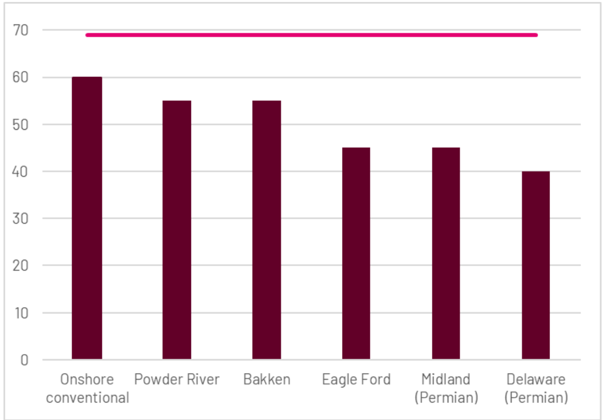
OPEC+ plans to increase supply, and though we do not expect the supply to arrive as announced, it is a latent threat to prices. Furthermore, weak demand from China already signals a challenging market ahead.

Hence, excess supply risks may discourage US oil companies from boosting output despite Trump's backing. Additionally, US producers face higher breakeven costs than OPEC members, making them less competitive if prices drop. Consequently, oil companies may prioritise efficiency improvements and shareholder return over new large-scale projects. In that respect, the OPEC+ plans to add more oil may negatively affect oil investment appetite in the US.

That said, on the margin, Trump's policy of deregulation, tax cuts, and plans to allow more drilling on federal land do point to continued growth in US oil production over the coming years.

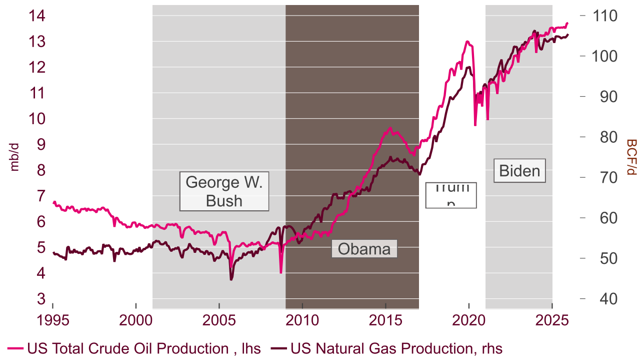
Hence, the strong US crude oil production trend initiated under Obama will continue in the coming years. Any impacts from Trump's new policies will mainly be seen in 2026 and beyond.

US break-even prices close to current WTI price, USD/bbl.



Source: GRM, Dan-Bunkering

Brent forward curve, indicative prices



Source: Bloomberg, Macrobond, Dan-Bunkering, GRM

3. Impact on the geopolitical premium through sanctions

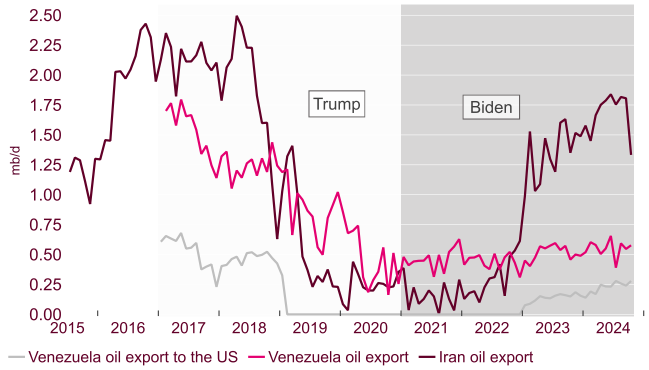
The new Trump administration might impact the geopolitical premium in the oil market. The impact primarily goes through sanctions.

- **Iran**: We anticipate that Trump will intensify sanctions to support Israel. Notably, a significant portion of Iranian exports is directed to China; therefore, stricter sanctions on Iran would primarily impact China. However, imposing sanctions on Iranian oil today may be more challenging than it was six years ago when Trump initially implemented stringent measures against Iran. We would expect that effective sanctions would be able to reduce 0.5 to 1.0 mb/d of exports currently running above 1.5 mb/d.

- **Venezuela**: We do not expect any major changes, especially considering that US-based Chevron is actively involved in Venezuela's oil production through joint ventures with the state-owned oil company Petróleos de Venezuela, S.A. (PDVSA).

- **Russia**: Trump has stated his intention to end the Russian war in Ukraine. The specifics of a potential peace solution remain unclear, including whether Ukraine or Russia would accept any agreement. Notably, Russian oil will likely remain sanctioned in the EU for an extended period. Additionally, Russian crude oil production is constrained by its OPEC+ membership, leaving little room for expansion. If Russia will not enter a peace solution, further sanctions on Russia might also be in play.

Sanctions on Iran are key to follow, mb/d



Source: Bloomberg, Macrobond, Dan-Bunkering, GRM

Russian crude oil production is limited by OPEC+ membership, mb/d

Source: GRM, Dan-Bunkering

We see Brent moving towards USD 80 In 2025

We have not changed our central forecast for Brent. We still expect it to trade in the mid-70s in Q4, edging towards USD 80 in 2025. Our forecast is based on an improving global economy supported by monetary easing globally and, notably, the expectation that the energy-intensive Chinese economy will receive a boost from the latest easing measures. We see China growing around 5% next year. See our forecast for oil, products and EUR/USD below.

OPEC+ has delayed the plans for more oil even further, and we believe the plan for more oil in 2025 will be delayed again in Q1 2025. We also assume that Saudi Arabia will be putting a lot of pressure on quota busters like Iraq, Kazakhstan, and Russia to improve quota adherence and that quota compliance will improve.

Lower geopolitical risk premiums remain downside risks. The same goes for an oversupplied market in case OPEC+ puts significantly more oil on the market or US oil producers react more positively to Trump's election than we assume and boost production. A further slowdown in Chinese cyclical and structural oil demand also remain a clear downside risk.

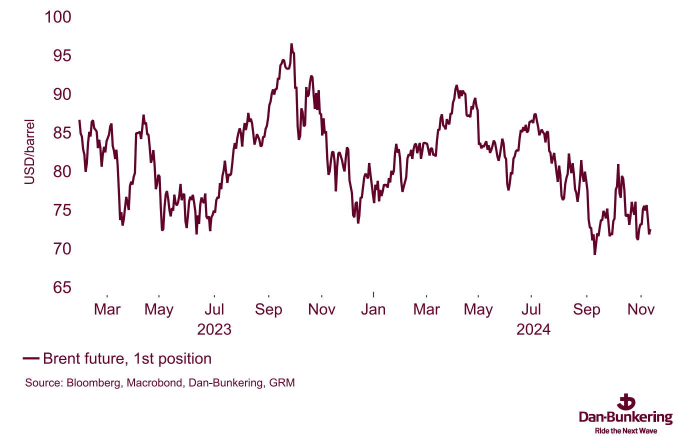
Forecast

	Spot	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	avg. 2025
Brent, USD/bbl	72.6	76.0	77.0	78.0	80.0	80.0	78.8
ICE Gasoil, USD/MT	665	685	700	715	730	730	719
HSFO (1M 3.5% Rotterdam Barge), USD/MT	414	438	438	445	451	451	446
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	490	514	514	514	527	527	521

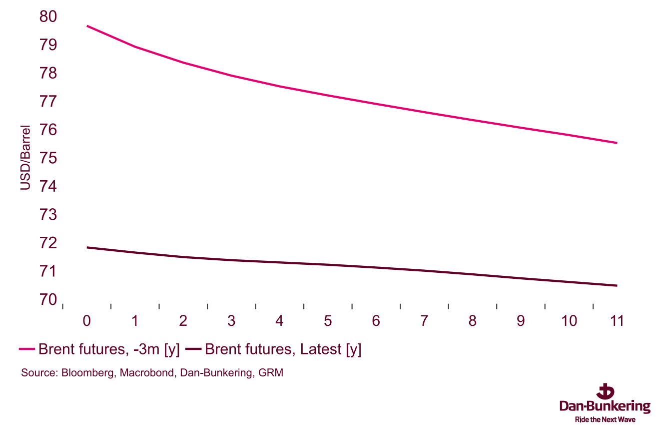
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

Overview Charts:

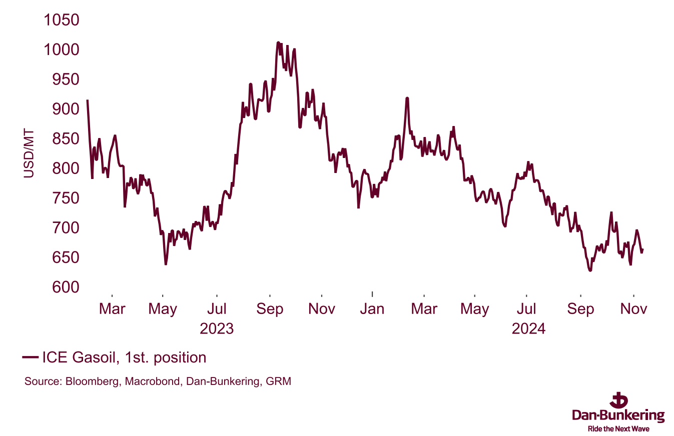
Brent oil



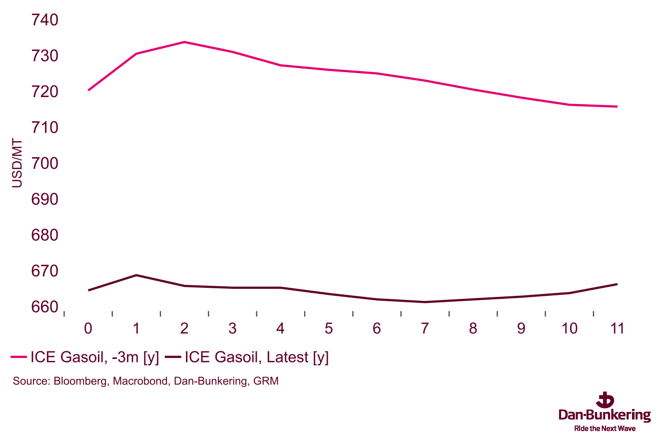
Brent forward curve, indicative prices



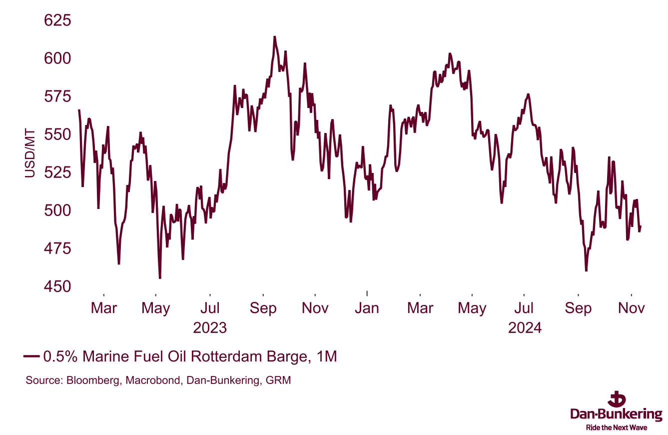
ICE Gasoil



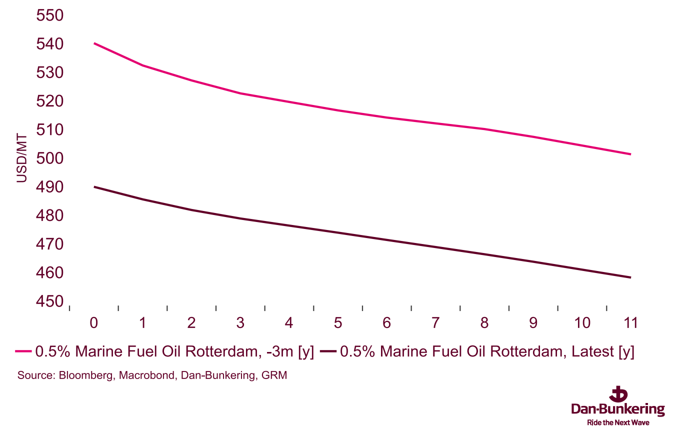
ICE Gasoil forward curve, indicative prices



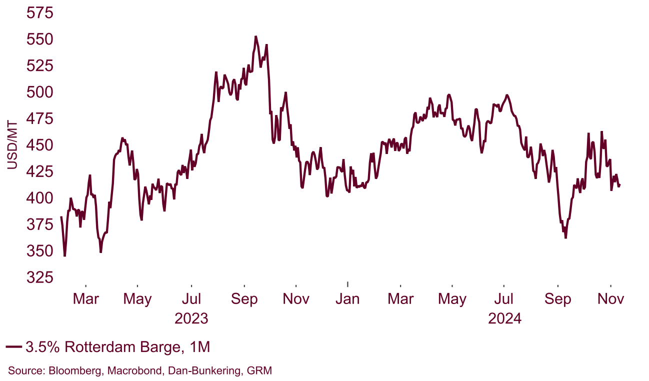
0.5% Marine Fuel Oil Rotterdam Barge, M1



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



Rotterdam 3.5% Barge



Rotterdam 3.5% Barge forward curve, indicative prices