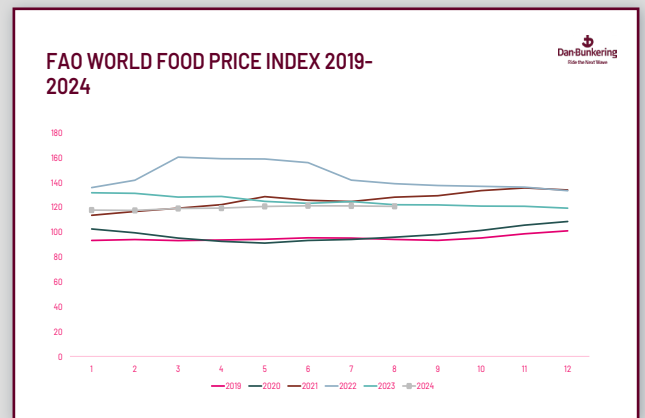
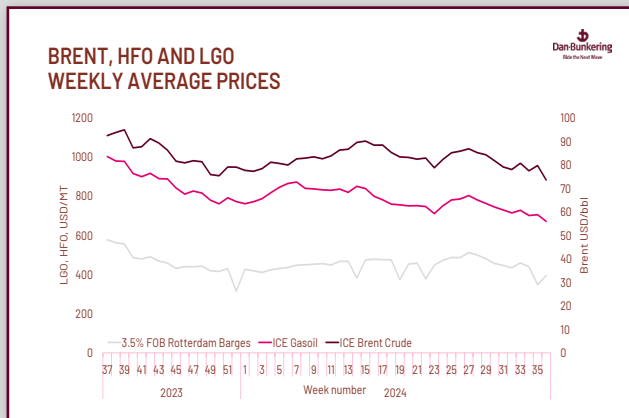
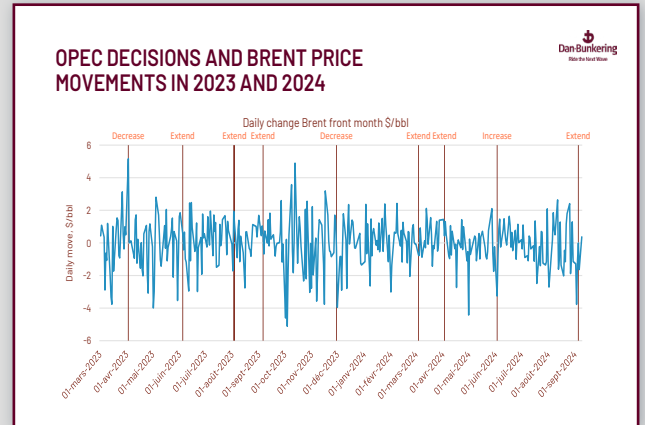
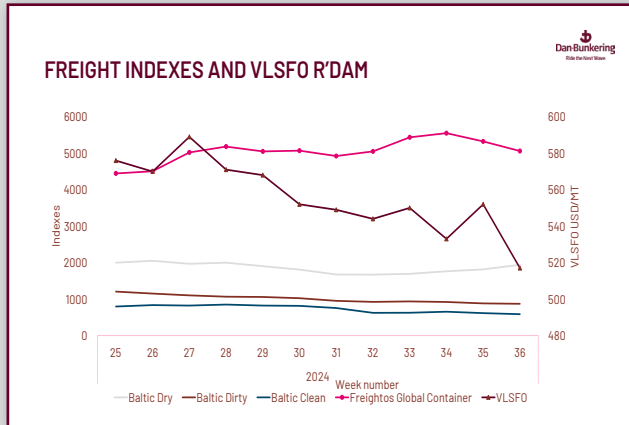


# Weekly Market Report

Week 37  
September 10, 2024



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



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
10/09 22:30	USA	API Crude oil stock change		-7.4 mb	Oil market balance
11/09 08:00	UK	GDP growth July (YoY)	1.3%	0.7%	Economic activity
08:00	UK	Industrial production July (YoY)	-0.5%	-1.4%	Economic health
08:00	UK	Balance of trade (Jul)	£-4.8 bn	£-7.5 bn	Economic health
14:00	Mexico	Industrial production July (YoY)	-1.2%	-0.7%	Economic activity
14:30	USA	Inflation rate August (YoY)	2.7%	2.9%	Economic health
16:30	USA	EIA crude oil stocks change		-6.9 mb	Oil market balance
16:30	USA	EIA distillate stocks change		-0.4 mb	Oil market balance
21:00	Argentina	Inflation rate August (YoY)	258%	263.4%	Economic health
12/09 01:50	Japan	PPI August (YoY)	3%	3%	Economic health
08:00	Germany	Wholesale prices August (YoY)		-0.1%	Economic health
11:00	OECD	IEA Oil market report September			Oil market balance
14:00	India	Industrial production July (YoY)			Economic health
14:00	India	Inflation rate August (YoY)	4.4%	4.2%	Oil market balance
14:15	Euro Area	ECB interest rate decision	3.2%	3.54%	Economic health
14:30	USA	PPI August (YoY)	4%	4.25%	Economic health
14:45	Euro Area	ECB press conference	2%	2.2%	Economic health
13/09 06:30	Japan	Industrial production July (YoY)	2.7%	-7.9%	Economic health
08:45	France	Harmonised inflation rate August (YoY)	2.2%	2.7%	Economic health
11:00	Euro Area	Industrial production July (YoY)	-2.4%	-3.9%	Economic activity
16:00	USA	Michigan consumer sentiment (Sep)	67.4	67.9	Economic health
19:00	USA	Baker Hughes oil rig count		483	Oil market balance
14/09 05:00	China	Industrial production August (YoY)	4.7%	5.1%	Economic health
15/09 08:30	India	WPI inflation August (YoY)	1.7%	2.0%	Economic health
11:00	Euro Area	Balance of trade (Jul)		€ 22.3 bn	Economic health
11:00	Euro Area	Wage growth Q2 (YoY)	3.2%	5.3%	Economic health

Sources: [Economic Calendar \(tradingeconomics.com\)](https://www.tradingeconomics.com) selection of topics based on main market movers for the week, times CET (UTC+2); definitions can be found [here](#)



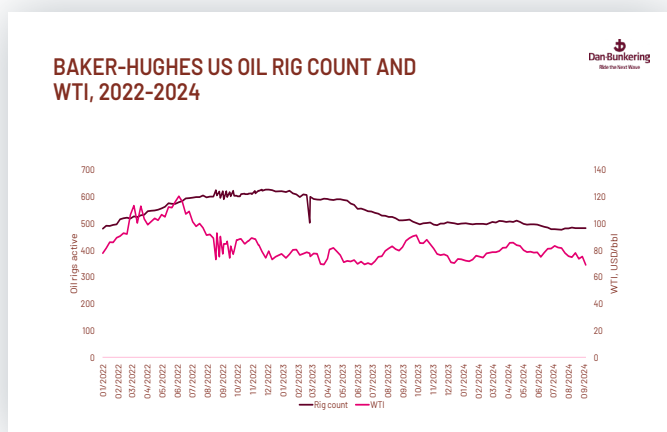
# 02. WHAT IS HAPPENING IN THE ECONOMY

## AHEAD

The coming **week** sees a combination of inflation and production indicators released. The IEA will publish its Monthly Oil Report on Wednesday, so there may be some price movement, especially if the agency sees a further weakening of the oil market balance. Furthermore, the ECB will announce its interest rate decision on Thursday, widely expected to see a lowering by 0.25% points of its policy rate to 4%. The announcement will be followed by a press conference. One of the parameters the ECB has been vocal about is wage growth, worrying that sustained wage growth will drive up inflation. Monday next will see publication of Q2 annual wage growth for the Euro area, expected to have fallen to 3.2%, suggesting a slight real terms improvement. The Euro area's balance of trade is expected to show a € 22 bln surplus. The area typically runs a surplus but turned to deficits on the hike in energy price in 2021/2022. The UK trade balance shows a continued deficit, although improving slightly. Industrial production in the country continues to decline, accelerating to -1.2% in July. In the Euro area, industrial production is seen down 2.4% from year ago levels, which is a relative improvement from the nearly 4% decline registered in June. India's industrial production continues to increase, reaching 4.4% growth in July, whereas Japan's shows 2.7% growth after a nearly 8% decline in June. China's industrial production is still growing significantly, although slowing down to 4.7% in August. Overall inflation in the USA is seen at 2.7% in August, although this is not the target indicator used by the US Fed. India's inflation is falling towards 3%, while wholesale price inflation drops to below 2%. In Germany, these prices were falling in July. The outsider is Argentina, where inflation may be slowing down, but is still at hyperinflation levels of over 250% annually..

## OIL MARKET

The Baker Hughes oil rig count was unchanged at 483 last week for the fourth week running. The



weekly average of WTI was \$69.1, down \$6.3. The natural gas price at Henry Hub was up around \$0.2 from the previous week at an average of \$2.2/mmbtu.

OPEC reduced its demand growth assessment for 2024 and 2025. While there are numerous signs that economic activity is slowing down, the secretariat revised 2024 demand growth down

to a still very strong 2 mb/d. The argument that the secretariat advances is that strong consumer spending continues, especially in the services sector. "This positive trend has persisted despite ongoing uncertainties over interest rates, trade negotiations, and geopolitical developments." And

OPEC adds that the central banks are expected to move “towards more accommodative monetary policies by the end of 2024 and throughout 2025, particularly in the US, the Eurozone, and the UK, which will render further support to near-term global growth.” A further element is the balance between the industrial and service sectors’ contributions. “Thus far in 2024, the typically robust industrial sector in advanced economies has lagged behind global growth momentum. With the significant contribution from the services sector expected to slightly retract towards the end of the year and into 2025, the industrial sector is expected to close the output gap, resulting in a stable growth into 2025.”

The solid demand growth is around double what the IEA and IEA project. OECD growth is around 0.1 mb/d, all of it in OECD Americas. 2025 demand is revised to 1.7 mb/d. Non-DoC liquids supply (i.e. liquids supply from countries not participating in the Declaration of Cooperation) is expected to grow by 1.2 mb/d in 2024, unchanged from last month’s assessment. The main growth drivers are expected to be the US, Canada, and Brazil. The non-DoC liquids supply growth forecast for 2025 is also unchanged at 1.1 mb/d. Crude oil production by DoC countries fell 0.3 mb/d in August, averaging around 40.7 mb/d.

The market balance is estimated to require 42.8 mb/d for 2024 and 43.4 mb/d in 2025. Those average levels are far above the approximate 41 mb/d has been produced so far in 2024. According to the report, stock draws were 0.7 mb/d in Q1 and those increased to 1.3 mb/d in Q2. With the current levels of below 41 mb/d in Q3, the draw in the current quarter jumps to over 2 mb/d. Now that OPEC has announced that it will not yet bring more oil to the market before December, the draws are expected to intensify. Despite that superficially bullish picture, crude is experiencing considerable weakness. The spare capacity overhang is very substantial, acting as a lid on the price upside in a way, but currently more like a weak support for the price.

## **ECONOMY**

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The Food and Agriculture Organization of the United Nations (FAO) reported on Friday that the benchmark for world food commodity prices slightly declined in August. This was due to decreases in quotations for sugar, meat, and cereals, which outweighed increases in those for vegetable oils and dairy products. The FAO Food Price Index, which tracks monthly changes in the international prices of a set of globally-traded food commodities, averaged 120.7 points in August. This is a slight decrease from its revised July figure and 1.1 percent below its corresponding value in August 2023.

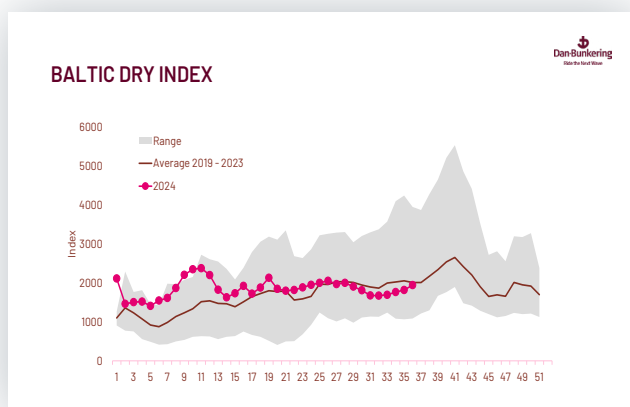
So far, food prices have been falling, but as indicated last month, the price index is now very close to the level seen last year, and only a further monthly fall will ensure annual declines, otherwise, food prices will start contributing to inflation. And while the prices are well below the 2022 peaks, they are still up 20% from the 2019-2020 levels.

A new study **suggests** that there is considerable probability that the US economy is already in recession. The assessment is based on the number of job openings and the unemployment rate. The US Federal Reserve and the federal government are mandated to maintain full employment. That full employment mandate means approximately 4% unemployment. When unemployment falls below that level, as it currently does, then the labour market is considered “inefficiently tight”. High interest rates as the US Federal Reserve has pursued so far can then be justified to cool the economy down. The authors of the study suggest that now that it is likely that the economy is already in recession, the labour market will quickly “cool” past full employment and become inefficiently slack. That would then justify rate cuts to stimulate the economy and the demand for labour.

A slow-growing European economy, a US economy likely in recession and China’s economy believed to be slowing down fast, suggest that global trade will slow down too in due course.

## VESSEL RATES

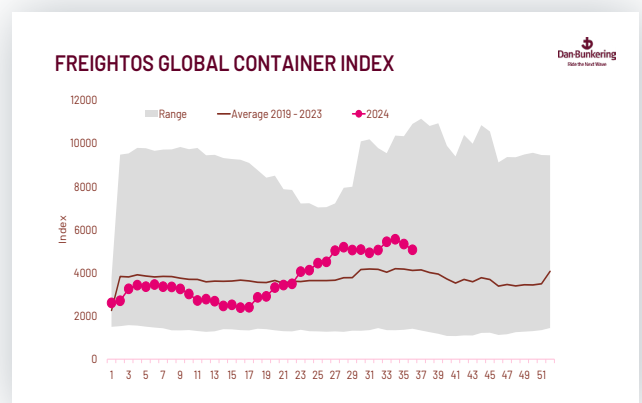
Crude oil tanker rates on the Baltic Exchange TD3 route were up around 30% after last week’s 30% decrease. The t/c rates were at \$26.3k/day compared to \$20.6k/day a week before. Voyage rates were reported at \$7.3/mt on the route on the 6th of September, up \$0.9 compared to the week before. The Baltic dirty index was down 1%, or 11 points, to 870. The level remains 10% above the previous 5-year



average. The clean index was down 5% from last week’s level of 614 to 585. The index is 14% below the previous 5-year average. Dry bulk rates rose 7%, or 127 points to 1941 per the Baltic Dry Index. The index is 3% below the five-year average level seen in 2019–2023 for the week. The weekly swings in the indexes are strong, and so are the movements seen in relation to the 5-year range.

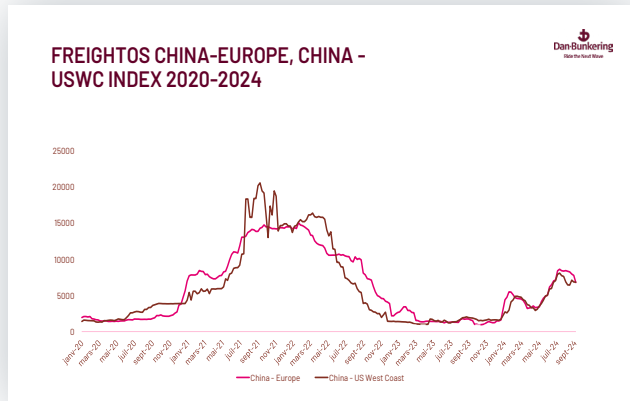
The container market fell 5% over the last week compared to the 30th of August to \$5062, as measured by the overall **Freightos Global Index**. The China to Europe rate fell nearly 13% to \$6787 over the same period. The China to US West Coast fell marginally from \$6858 to \$6837. The indexes still are at levels last seen in the summer months of 2022.

Congestion, measured by the last 7-day moving average of containerships in port, was reported at 30.9%, down 0.6% points compared to the previous week. The congestion share represents some 9.3 mln TEU, down 0.2 mln TEU from last week. The relative share of nearly 31% was also registered during 2016, when the fleet was considerably smaller. At the time, that 31% represented around 6 million TEU.



The idle container fleet stood at 310, up 54 vessels from last week, which itself was lowered by 2 (and indeed earlier periods were revised down quite considerably, while the daily tally fluctuates strongly). Some 2.8% of the fleet is reported idle (including those vessels retrofitted with scrubbers and those laid up and calculated in terms of TEU capacity rather than vessel numbers). That level, if confirmed,

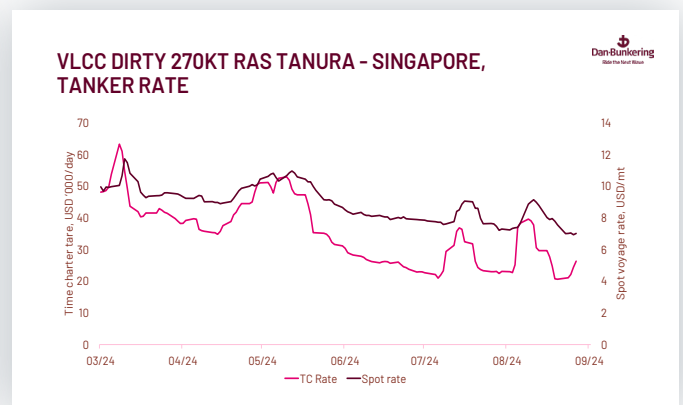
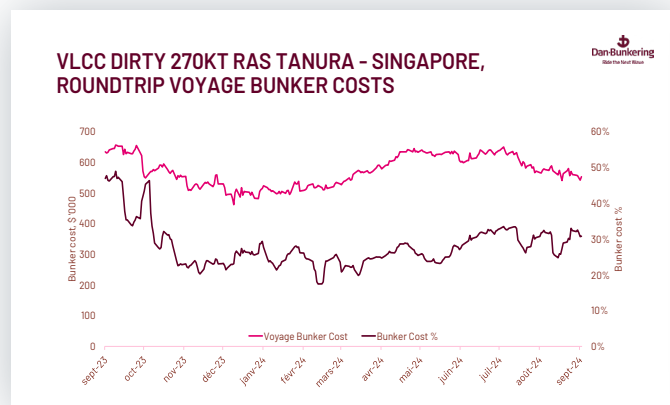
is close to the average the 5-year range after almost the entire year seeing very low levels of idleness. The jump occurred mainly in the sub-3000 TEU segment, but other segments saw increases as well. Of those 310 idle container vessels, 242 are sub 3000 TEU, up 36 on last week, with another 36 of 3-6000 TEU, up 6 from last week. Those vessels represent 5.1% and 3.1% of their respective fleet sizes. Clarksons reports 6 ships of 12-17000 TEU idle, or 1.2% of capacity, and one of 17000+ TEU.



The reported average voyage duration between China and the US West Coast is 20.0 days, down 0.8 days from last week. Although the average voyage duration moves up and down from week to week, current levels are at the very low end of the longer period range.

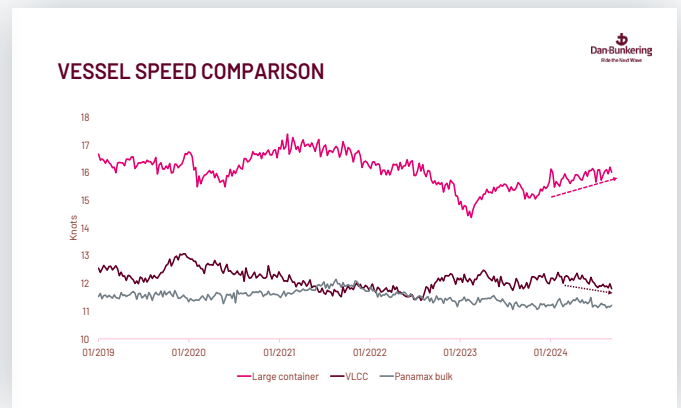
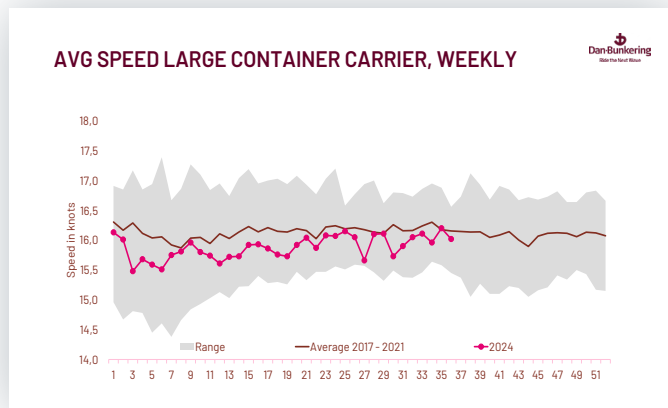
## FREIGHT AND BUNKERS

Reported tanker voyage charter rates were up at \$7.3/mt on the Ras Tanura – Singapore route. Heavy fuel oil prices were down around 1.5% in Fujairah and down over 8% in Singapore over the week through the 6th of September. Bunker costs are some 31% of the total voyage. On the basis of VLSFO, bunker costs are 41% of the total voyage. The VLSFO prices were down around 2% in Fujairah and Singapore. The calculations provided are intended to be directional indications, not the actual ones that each tanker owner is experiencing.

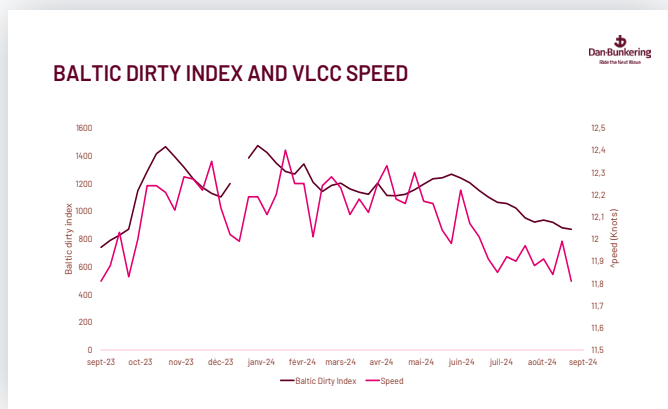


## VESSEL SPEEDS

The container vessel's latest data point of 16.3 knots is up around 0.1 knots from last week as per LSEG (formerly Refinitiv) data. The current speed is back on par with the average of the 5-year period. Medium sized container vessels kept speeds at 15.2 knots. The weekly movements in the measurements appear to be within calculation noise. Panamax bulkers maintained speed to at 11.1 knots, very close to the minimum registered for the past 5 years.

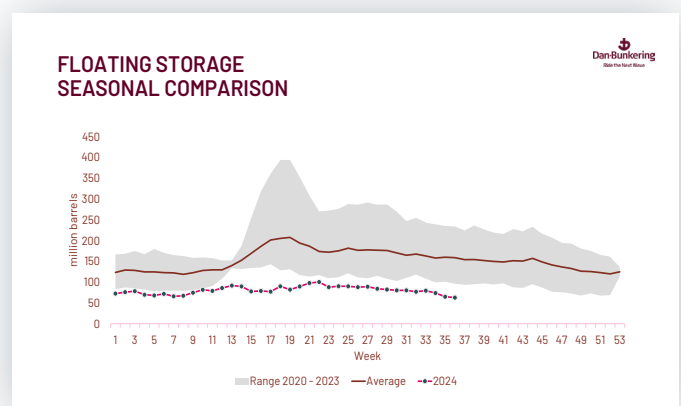


VLCC tanker speeds fell 0.2 knots to 11.8 knots. The current speed reading is below with the average of the range seen for the period of the year. Still, the movements in the speeds are occurring in a tiny band around that average. The freight rates, as reflected by the Baltic Dirty Index, suggest a reasonably close relationship between those rates and speeds. The idle share of the fleet was at 6.7

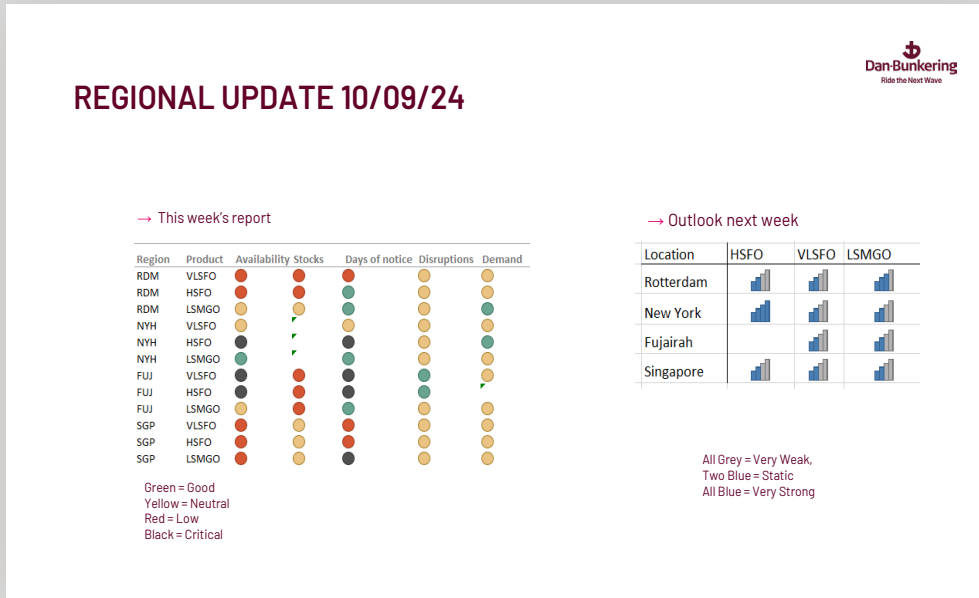


% in deadweight terms, up 0.1% points from the previous report (last week's data was lowered by 0.5% points). The share is still exceptionally high despite the correction to the historical data. The idle share was down 0.3 mln DWT at 44.5 mln DWT in deadweight terms. The current number of idle vessels rose by 7 to 331 compared to last week. That level is the highest level in the series.

The floating storage (excluding the dedicated storage) stands at 83 vessels, up 9 from last week's number, which was reduced by 1. These numbers cover all tankers over 10,000 DWT, both products and crude. In capacity terms, the storage is below 63 million barrels, down nearly 2 mb compared to last week. 46 product tankers are reported functioning as storage, accounting for nearly 17 mb. On last report, 35 crude tankers vessels accounted for 46 mb of stored oil, down over 6 mb from last week. The number of crude oil tankers as storage is in line with that seen before 2020. The number of product tankers used as storage remains elevated.



# 03. REGIONAL REMARKS



## NEW YORK

Demand super heavy from liner segment for HSFO. VLSFO increasing into Q4 from liners as well. LSMGO demand sideways.

## FUJAIRAH

Fujairah continues to experience limited avails across HSFO and VLSFO. Factors due to limited cargo imports and terminal delays from bad weather mean barge loading activity has been below 20 barges on a weekly basis across August.

Balance Sept continues to look tight.

There are 10 days' lead time on bunker orders, so it is advised to ensure enough notice on inquiries to reduce the impact of prompt premiums.

The above factors mean prices across both grades have spiked in recent weeks versus YTD avg.

## ARA

Similar picture to prior weeks, VLSFO and HSFO remain tight and MGO well supplied.



## SINGAPORE

The Asian low sulfur fuel oil fundamentals would likely witness some downward pressure over Sept. 9-13, as the market increasingly starts trading cargoes for loading in late-September and early-October, when higher arbitrage arrivals from the West are expected replenish regional stockpiles.

The Asian high sulfur fuel oil market continues to garner support from limited availability of non-sanctioned supplies amid relatively stable downstream bunkering activity and the final leg of summer power generation demand, but traders said the market would start losing some of the pockets of strength as seasonal utility demand tapers off in coming weeks. HSFO supplies from Fujairah to Singapore are expected to increase going forward as peak Middle East summer demand wanes, according to trade sources. Despite a recent strengthening of HSFO cash premiums, traders expect the adequate cargo availabilities around Singapore hub to cap any further potential upswings in valuations, especially amid replenishment inflows during the week ended Sept. 6 and more imports in the third to fourth week of September.

Overall HSFO stockpiles around the hub of Singapore were mostly adequate, whereas a mostly consistent demand dynamics in the end-user market could continue to buoy bunker premiums and keep margins healthy in the near term.

The Asian LSMGO market is expected to be stable to slightly firmer over Sept.9-13.

## Regional indicators : prices in USD to benchmarks

	ARA		FUJ		NYH		SGP	
	USD/MT	BM	USD/MT	BM	USD/MT	BM	USD/MT	BM
	HSFO	20	FOB Rdam Barges 3.5%	20	MOPS380	5	MOPD380	20-24
VLSFO	25	FOB Rdam Barges 0.5%	15	MOPS 0.5%	-2	MOPS 0.5%	21-25	MOPS 0.5%
LSMGO	-45	ICE Gasoil	100	MOPS GO 10ppm	-0.05	HO	-4 to 1	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	4-5	10	7	13
VLSFO	4-5	10	4	10
LSMGO	2-3	3	1	6

# 04. FORWARD CURVES, NON DELIVERED

On our weekly review, the ICE Gasoil curve fell \$46/mt at the front compared to last week in absolute terms (September 6th compared to August 30th). The six-month fell by \$43.5/mt. The curve is in contango, although swirly on between months. The time spread for the 6-month period rose \$2.5 to plus \$1.8/mt. The 3.5% barges' curve backwardation decreased by \$16.5 to \$11.8 on the 6-month contract (front month minus the six-month contract). The front fell \$44.9/mt, and the six-month fell \$28.4/mt. The front month spread (M0-M1) increased \$2.4 to \$11.3. The VLSFO 0.5% backwardation fell \$6.7/mt to -\$31.5/mt compared to a week prior. The curve is still in full backwardation.

The relative value of VLSFO compared to LGO at 6 months is flat at 70% and decreased \$12/mt in absolute terms to -\$194/mt compared to 75% or \$161/mt below LGO at the front. That \$161/mt is down \$8/mt compared to last week's reading when the front was 76% of LGO.

Monday the 9th saw the ICE gasoil front move down \$14.75 from Friday's close of \$650.5/mt. On Tuesday end-morning, the ICE Gasoil curve saw the 6-month structure decrease \$2 compared to the Friday level, and increase \$1 from the Monday level of \$-2/mt. The front was up, around \$1/mt on Monday's level and the 6-month was marginally down on Monday's level. On the front months, M1/M2, the curve saw a continuation of the contango compared to Friday. The front is down 0.5% compared to Friday the 6th.

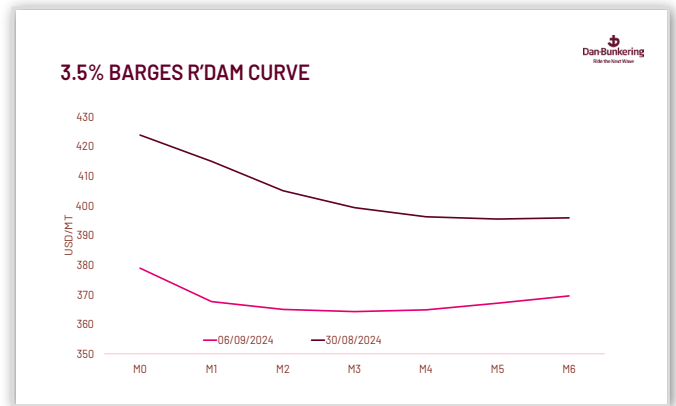
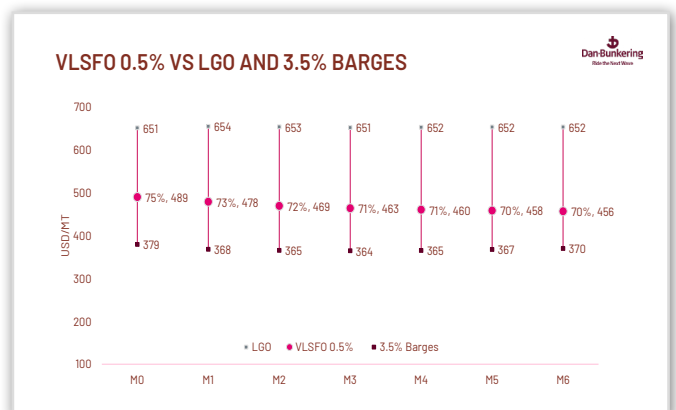
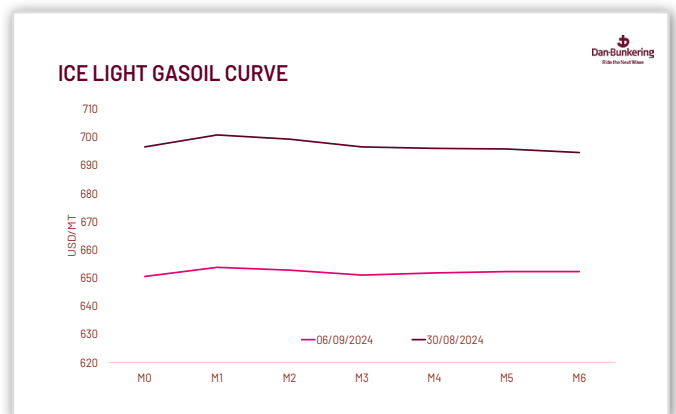
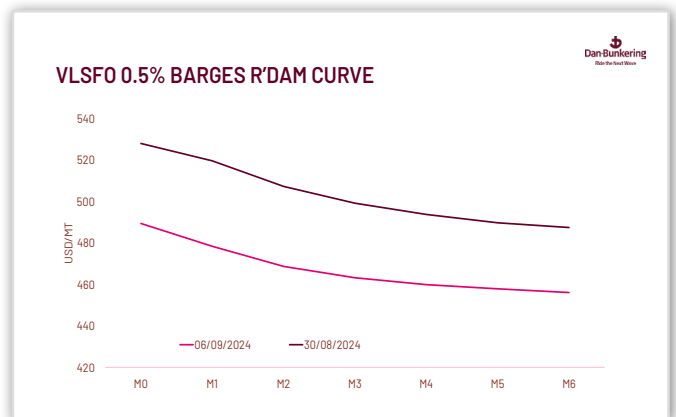


Figure 1 ARA Curve



## 05. CHANGES FROM LAST WEEK

The forward complex for LGO saw the front fall by 6.6%, while the sixth-month level fell by 6.3%. The sixth month, minus the front month, is at 0.3% contango. As indicated above, the front month is actually 0.5% in contango to the second month, down from 0.6% last week. The Fuel Oil Rotterdam front month fell 10.6%, and the 6-month fell 7.2%. The curve is 3.1% in backwardation on the six-month horizon and sees a 3% (or \$11.3/mt) backwardation between the front and second month, up \$2.4 from last week. The VLSFO curve saw its backwardation decrease to 6.4% as the front fell 7.3% and the back was down 6.5%.

**Brent Ref: -7.7 November**

	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	-7.6	-38.0	-5.2	-6.6	-38.6	-49.0	-46.0
Sep-24	-7.9	-42.0	-1.6	-5.2	-30.2	-36.0	-50.3
Oct-24	-18.9	-41.4	-5.2	-5.2	-28.9	-37.4	-45.5
Nov-24	-24.4	-37.2	-1.0	-4.9	-30.5	-34.3	-43.8
Dec-24	-27.0	-35.3	-0.9	-4.8	-30.5	-32.0	-45.0



## 06. OUR VIEW

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The news headlines discussed the demand outlook lowering by OPEC. Yet, as illustrated, the reductions are small only, and have hardly any impact on the very tight market balance the organisation projects. For most of the past year and half of OPEC decisions, the crude oil price dropped afterwards, whether that were decisions to decrease output or to extend. Last week's decision is no exception, and the market does not appear impressed with the strong stockdraws OPEC projects. Brent dropped below \$70/bbl during Tuesday, resulting in a cumulative more than \$3/bbl decline since the decision was announced. All eyes will now be on the ECB rate cuts this week and the US Fed rate decision on the 18th. The oil market seems to be indicating that a recession is already underway, and as we have said many times, rate cuts, even aggressive ones, will take time to filter through into the real economy and boost (oil) demand.

## 07. ABBREVIATIONS

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<b>API</b>	<b>American Petroleum Institute</b>
<b>CPI</b>	<b>Consumer Price Index</b>
<b>EIA</b>	<b>Energy Information Administration</b>
<b>Freightos Global Index</b>	<b>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.</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>Mb/d</b>	<b>Million barrels per day</b>
<b>Mboe/d</b>	<b>Million barrels of oil equivalent per day (gas and oil combined to same term)</b>
<b>Mmbtu</b>	<b>Million British thermal units, gas is priced in these units</b>
<b>PMI</b>	<b>Purchasing Managers' Index</b>
<b>PPI</b>	<b>Producer price index</b>
<b>Usd/mmbtu</b>	<b>US\$ per1 million British Thermal Units (measurement for natural gas)</b>