Dan-Bunkering
Ride the Next Wave

Weekly Market Report

May 21, 2025

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

Bunker Port Brief

Singapore

	VLSFO	HSFO	MGO
Availability			
Days of notice	8	8	6
Demand			

The Asian LSFO market is likely to strengthen this week, driven by tighter prompt availability on the back of relatively steady bunker demand.

The Asian HSFO market is expected to remain buoyed by seasonal power generation demand and positive bunker demand. The benchmark refining margin reached its highest level on record.

The Asian LSMGO market is likely to trade rangebound to upwards, as Chinese refineries are increasing buying interest for LSMGO cargoes.

ARA

	VLSFO	HSFO	MGO
Availability			
Days of notice	5	5	6
Demand			

DMA is very tight and HSFO/VLSFO also a bit tight.

Fujairah

	VLSFO	HSFO	MGO
Availability			
Days of notice	4-5	6-7	3-5
Demand			

Demand at Fujairah is picking up slightly, poor weather has caused some supply delays and pushed back EDDs a bit. Despite this, prompt availability remains stable, with the market still being well-supplied.

Bunker sales rose 4.6% in April to 674,674 m^3 — the highest since March 2024 — signaling a rebound from February's record low.

Houston

	VLSFO	HSFO	MGO
Availability	■■■■□	■■■■□	■■■■■
Days of notice	5-7	5-7	3-5
Demand	■■□□□	■■□□□	■■■□□

Demand has been very weak to start the month. All products are well supplied at the moment. Port operations are normal. Bolivar Roads and Offshore are experiencing minor delays due to periods high winds and seaswells. No major delays to report.

New York

	VLSFO	HSFO	MGO
Availability	■■■■□	■■■□□	■■■■■
Days of notice	3	5	1
Demand	■■■□□	■■■■□	■■□□□

Tariff turmoil still causing port disruption and affecting volumes of bunker deliveries. With yesterday news we hopefully maybe can glean some clarity for the future.

Panama

	VLSFO	HSFO	MGO
Availability	■■■□□	■■■□□	■■■□□
Days of notice	3-5	3-5	3-5
Demand	■■□□□	■■□□□	■■□□□

Market quiet and light inquiries.

Gibraltar

	VLSFO	HSFO	MGO
Availability	■■■□□	■■■□□	■■■□□
Days of notice	7+	9+	7+
Demand	■■■■□	■■■□□	■■■■□

Low avails and high demand.

Impacting notice days increasingly - and urge to have discussions about same with their clients.

Malta

	VLSFO	HSFO	MGO
Availability	■■■□□	■□□□□	■■■□□
Days of notice	7+	10+	7+
Demand	■■■■□	■□□□□	■■■■□

MED is impacted by high demand, low availability.

As premiums have risen significantly, cargos are more expensive and demand has increased to lock in on days where market is low.

Port Louis

	VLSFO	HSFO	MGO
Availability	■■■□□	■■□□□	■■■□□
Days of notice	3-5	3-5	3-5
Demand	■■■□□	■■□□□	■■■□□

Tight HSFO in the region, with replenishment expected in the coming days. Gasoil demand appears strong for the fishing fleets currently.

Durban

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

Gasoil prices remain high with duty paid product available only. A quiet week for the port, not many cargo callers either.

Nearby Port Elizabeth is operational again, with the barge back after her repair work.

Walvis Bay

	VLSFO	HSFO	MGO
Availability	■■■□□	■■■□□	■■■□□
Days of notice	3-5	4-6	3-5
Demand	■■■□□	■■■□□	■■■□□

Nothing special to report for Walvis Bay offshore; regular in port fishing requirements continue to be stable.

VLSFO recovery and geopolitics in focus

Things are moving fast in the global economy and financial markets. When we published the last issue of the Weekly Market Report, a trade deal between China and the US had just been reached. Trump had floated the idea of lowering tariffs on China to 80% before the negotiations began.

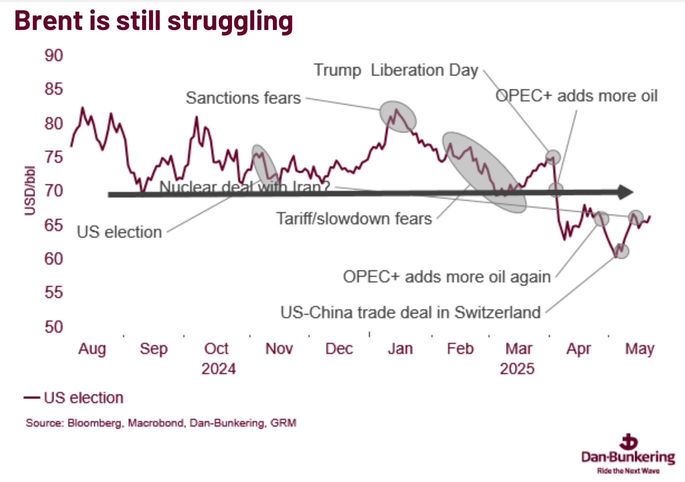
However, the Chinese called Trump, and he folded, accepting a 115 percentage point drop in tariffs. The prospect of empty shelves, higher prices, and a weak equity market convinced Trump that it was better to do a deal.

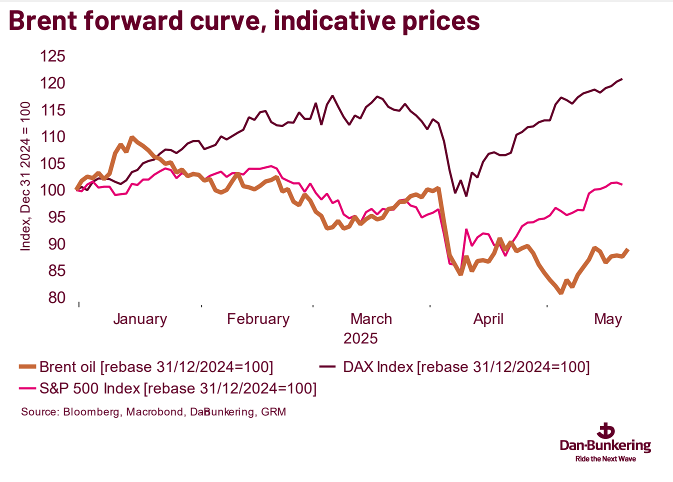
Global equity and commodity markets rallied on the message, being convinced that Trump will be disciplined by the market also going forward. Brent rose from USD 64 to above USD 66.

However, in general, oil continues to underperform the US and other major equity markets. S&P 500 is at the level at the beginning of the year up 1%, and the German DAX is close to 21% higher ytd. Brent, on the other hand, is down roughly USD 10 since the start of the year. Seen from this perspective, oil has some catching up to do.

Global oil markets are under pressure from a potentially weaker global growth trajectory, as well as increased OPEC+ oil production, and possibly more supply if a nuclear deal can be reached between the US and Iran. The US may also ease sanctions on Russia in light of the talks between Trump and Putin on Monday.

In today's issue, we also take a closer look at the recent developments in the fuel oil market and elaborate on the latest geopolitical developments.





1. VLSFO is gained momentum

In the fuel oil and bunker market, there are two main areas of focus at present.

First, what will be the strength of HSFO demand in the Middle East this summer?

Reuters reported yesterday that Saudi Arabia may increase crude burn for power generation, rather than using high-sulphur fuel oil (HSFO), as HSFO remains expensive.

Burning crude would effectively remove crude oil from the market, supporting outright crude prices and depressing HSFO prices (lower HSFO crack), especially relevant as OPEC+ gradually adds more barrels.

However, the market did not react much to the article. The HSFO crack remains very firm, suggesting that the structural tightness narrative is still intact.

Second, the VLSFO market is seeing support.

The VLSFO crack versus Brent has increased by approximately USD 4 in the VLSFO market over the last month (1M price). This comes on the back of spill-over effects from a strong 0.1% market in the Med as the Sulphur Emission Control Area, SECA, is now in effect.

We have also observed a tighter supply of VLSFO as refineries have shifted to 0.1% MGO. Consequently, the supply effect has supported the VLSFO market, even though the Med SECA zone, all else being equal, implies less demand for VLSFO.

The expensive HSFO may also have triggered speculation that Middle East power producers may switch to VLSFO instead of HSFO.

Other fuel oil/bunker drivers to watch:

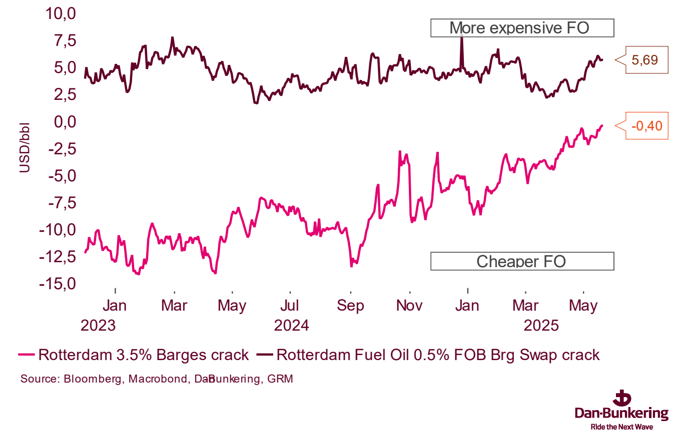
US tariffs: The market continues to price in firm bunker demand over the summer. The US appears to be avoiding recession for now, and with the 90-day expiry window on the new tariff package approaching, there is growing talk of another round of hoarding before new higher tariffs potentially kick in.

OPEC+ flows: The key unknown is how much additional heavy or sour crude will come to market. More supply could ease the current HSFO tightness somewhat. Sanctions on Iran would remove heavy sour crude oil, thereby supporting the HSFO market.

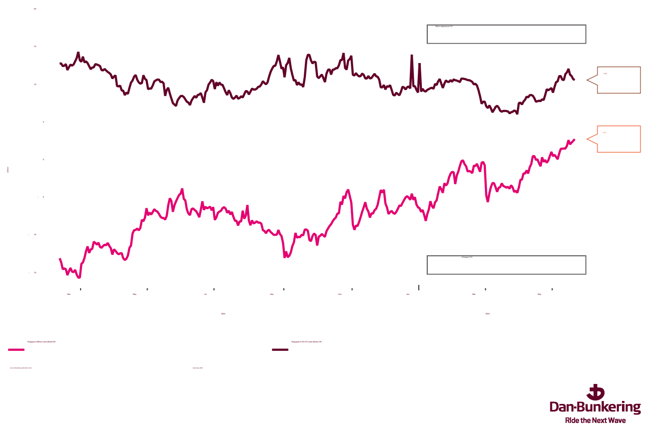
Red Sea outlook: A reopening seems unlikely in the short term. However, a reopening may become a significant theme later in the year, although the recent setback in talks between the US and Iran does not point in that direction, as the Houthis remain a close ally of Iran. A reopening could potentially lower global bunker demand by up to 5%, according to the International Bunker Industry Association, IBIA. We would expect HSFO demand to be notably impacted.

Scrubber/Hi5 spread: The scrubber spread has dropped significantly this year due to the decline in HSFO strength. However, recently, the VLSFO recovery has stabilised the spread. We estimate that we are getting closer to a low in the spread.

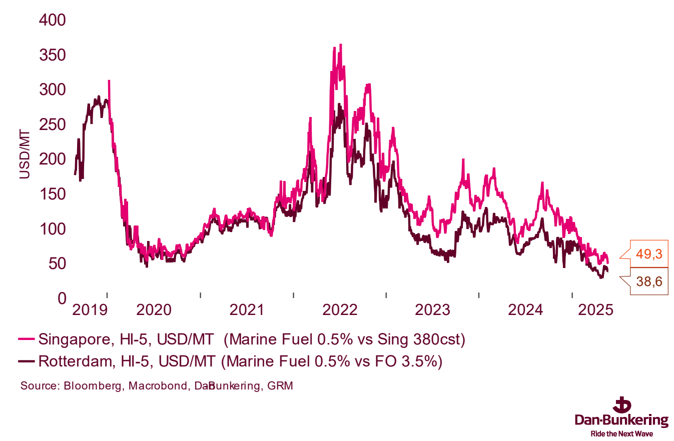
Bunker fuel cracks Rotterdam, 1M, USD/bbl



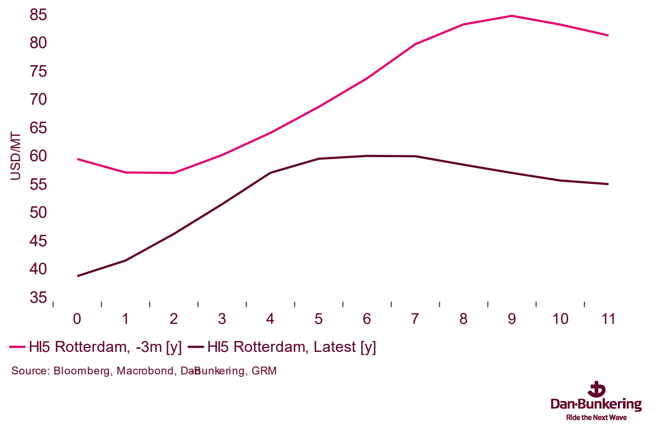
Bunker fuel cracks Singapore, 1M, USD/bbl



Scrubber spread/Hi5 (1M), USD/MT



The paper market expects a wider scrubber-spread, USD/MT (Rotterdam)



2. Geopolitical update

It has been another geopolitically packed week since our last issue, and the next seven days look no different.

Last week, we reported that progress was made in the talks between Iran and the US. However, this week the progress has reversed, adding support to oil prices.

Over the weekend, Iran's Supreme Leader, Ayatollah Ali Khamenei, called Trump a liar. Iran reiterated that it will under no circumstances give up the option to enrich uranium. That, in turn, appears to be a red line for the US.

Talks between the two countries are set to continue this week. We remain sceptical that a deal will be reached. Hence, we expect the US to revert to a "maximum pressure" strategy on Iran. This could potentially remove up to 1 million barrels per day from the global oil market.

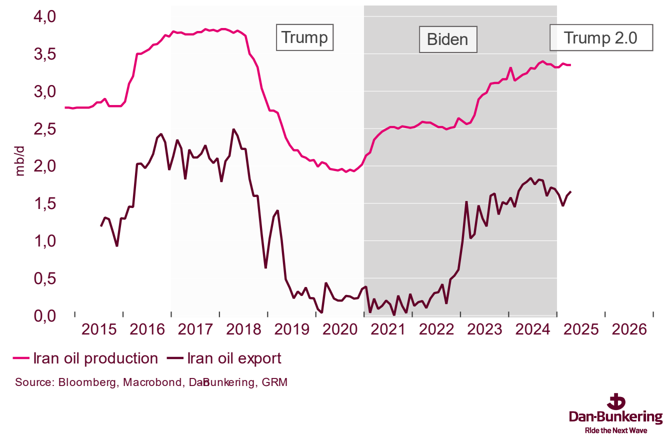
The situation even seems to be escalating. This morning CNN reported that Israel is preparing for a potential strike on Iranian nuclear facilities.

The other geopolitical focus area for the oil market is the war in Ukraine. On Monday, Trump had a phone call with Putin. However, there are no signs that a peace agreement—let alone a ceasefire—is any closer. According to Trump, it is now up to Russia and Ukraine to negotiate directly.

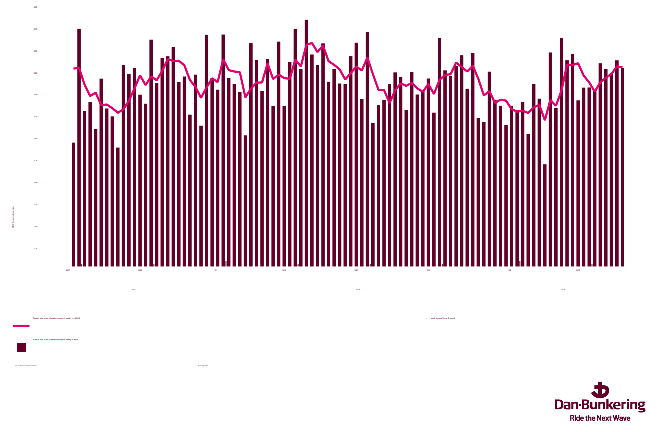
Hence, there is no US pressure on Russia to enter genuine negotiations, and many geopolitical experts now suggest that Putin will continue to prolong the process indefinitely. Furthermore, Trump appears more interested in restoring trade ties with Russia than in ending the war.

For the oil and gas market, this could, in principle, point to a possible easing of US sanctions on Russia. However, Russian oil production is already limited by its membership in OPEC+, and there are no signs that the UK or EU will lift their sanctions. On the contrary, new EU sanctions have already been announced, including targeting nearly 200 shadow fleet vessels. The European Commission has already announced that imports of Russian gas must be phased out by the end of 2027.

Iran's production and export in focus, mb/d



Russian seaborne so far little impacted by sanctions

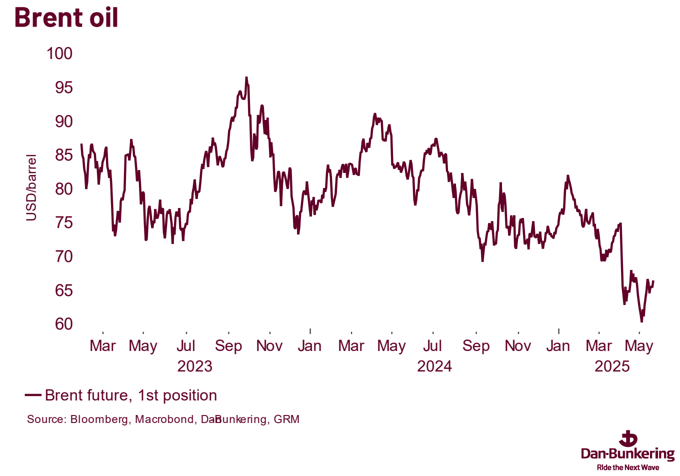


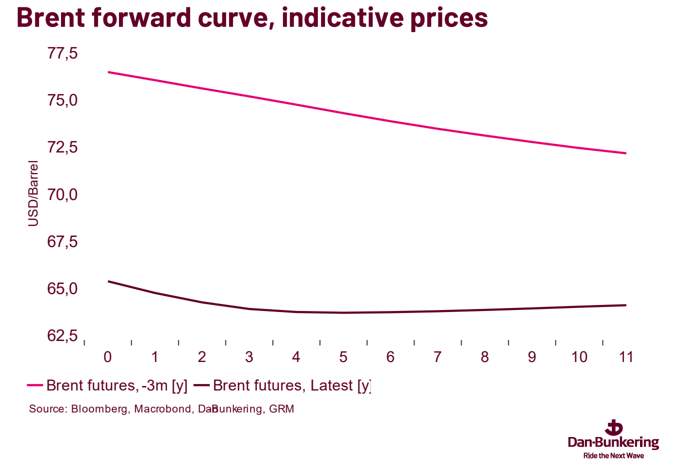
Price forecast

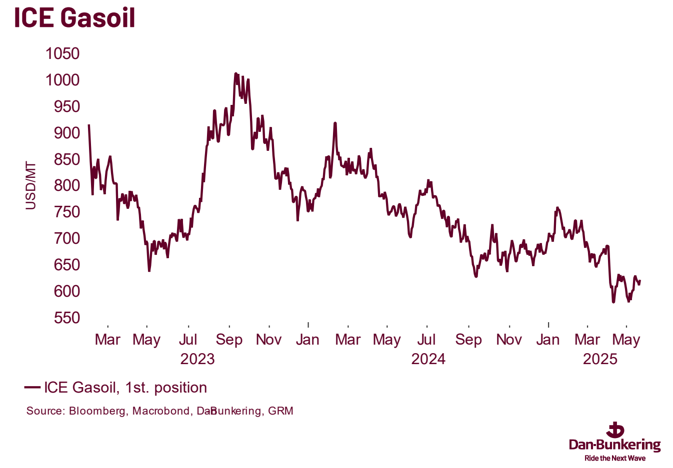
	Spot	Q2 2025	Q3 2025	Q4 2025	avg. 2025	avg 2026
Brent, USD/bbl	66,4	66	68	68	69	68
ICE Gasoil, USD/MT	622	637	653	656	666	656
HSFO (1M 3.5% Rotterdam Barge), USD/MT	415	403	417	413	425	413
VLSFO (1M 0.5% Rotterdam Barge), USD/MT	453	454	468	470	474	470

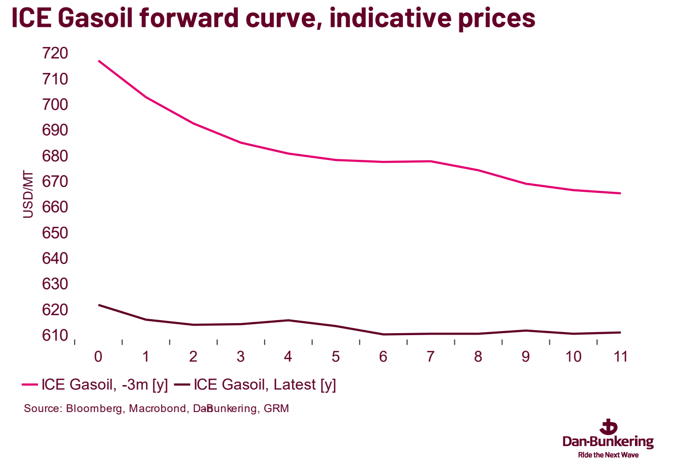
Source: Dan-Bunkering, indicative spot-prices based on Bloomberg 1M fair-value

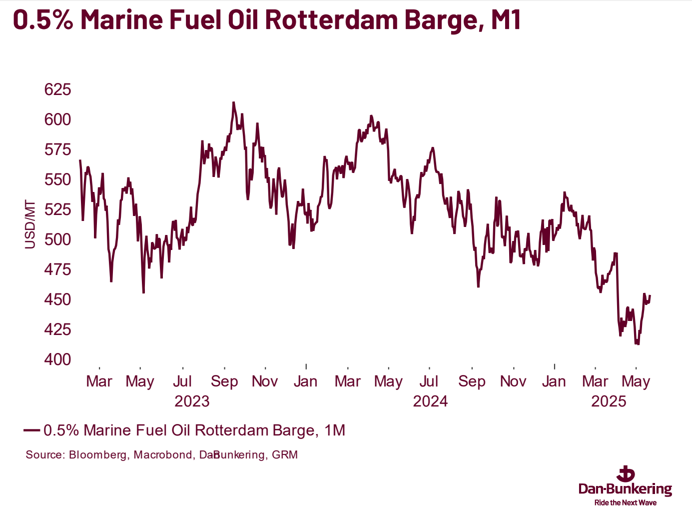
Overview Charts:

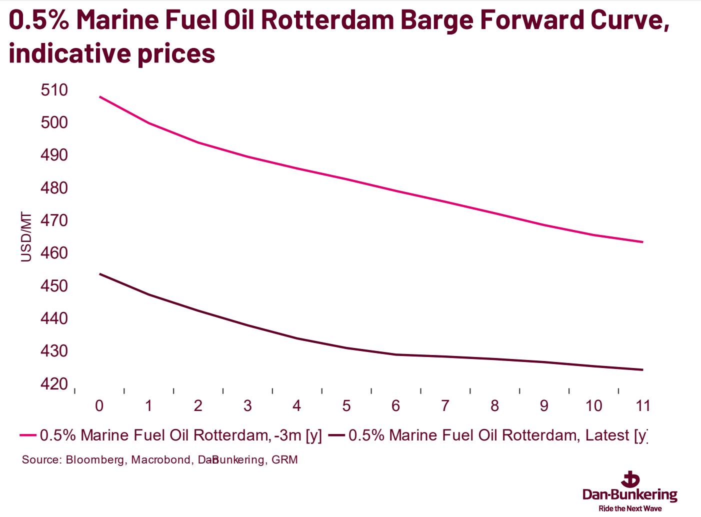




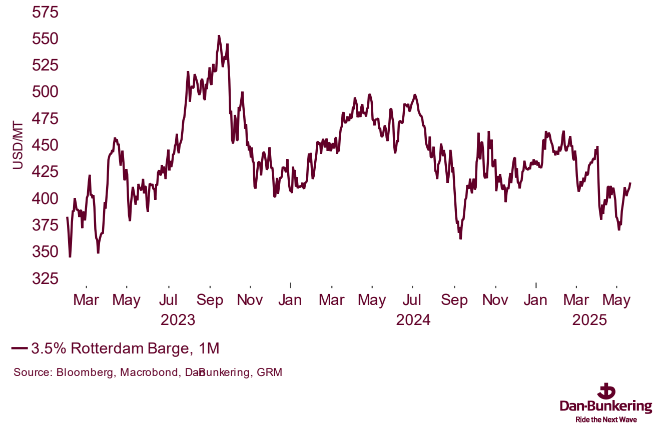








Rotterdam 3.5% Barge



Rotterdam 3.5% Barge forward curve, indicative prices