Long Dec/Jan 3.5% Barges ($/mt)

Broker's View on Dec/Jan 3.5% Barges

In the physical and paper market, European HSFO has maintained its strength, primarily due to a tight supply caused by the closure of the Transatlantic arbitrage route and reduced output from regional refineries. This trend has been evident over the past two months and looks set to continue into November due to increase in Freight rates on ships travelling from the U.S into Europe which is preventing the arb to open.

According to Onyx's market positioning data, Dec/Jan contracts are currently short and have seen limited interest recently. However, as Dec/Jan becomes the prompt contract, we expect liquidity to increase, with November positions likely rolling into December, which should continue to support the spread.

In the near term, we anticipate bullish movement for Dec/Jan, given the unchanged supply dynamics. However, it's crucial to monitor any reopening of the Transatlantic arbitrage route or increases in HSFO output from refineries, as these factors could exert considerable downward pressure on the contract. From looking at Bloomberg Pernis refinery planned maintenance on there CDU is set to end on 16/02/2025 therefore suggesting a significant increase in HSFO output is unlikely. However the TD25 route freight rate has seen some downward pressure, since 19th October trading from 40.7 down to 36.91, so this would be key to monitor if there is anymore downward pressure.

Suggested Trade:

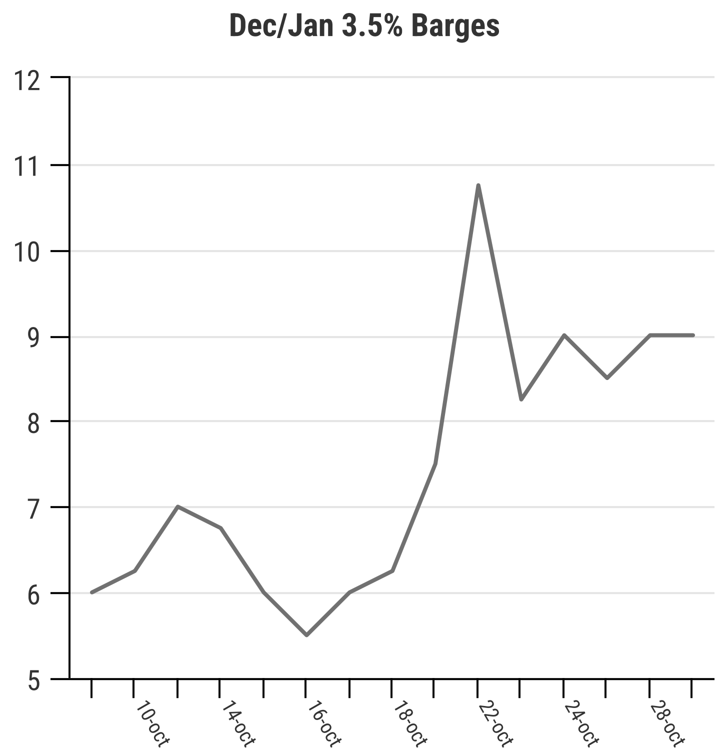
Long Dec/Jan 3.5% Barges

Entry	$9.00/mt
Target 1*	$10.00/mt
Take profit	$12.00/mt
Stop	$7.50/mt

***Once hit $10/mt then have a $1/mt trailing stop loss.**

Risk: $10,500

Size: 7KT



Source: Onyx Capital Group