



Long Jan-25/Mar-25 3.5% Barge (\$/mt)

Broker's View on Jan-25/Mar-25 3.5% Barges

Recent tightness in the European HSFO market is expected to ease slightly with 500,000–600,000 metric tons of supply arriving in the second half of November. However, seasonal winter demand for HSFO is likely to keep January prices supported, especially given the demand for heating and potential for increased shipping needs in colder months. By March, a decrease in heating demand and the accumulated impact of additional HSFO supplies arriving through the winter months could weigh on HSFO prices.

During the winter Industrial sectors in Northwest Europe rely on HSFO for heating, particularly in colder months, supporting higher prices through January. Ice-breaking tankers and increased fuel requirements for winter shipping routes can add demand during January, potentially keeping HSFO prices elevated. European refineries have been operating with low margins, making them less likely to increase HSFO output, which could add to January tightness even with incoming supply.

However we recommend to monitor bitumen as refiners may prioritize HSFO production over bitumen if HSFO valuations continue to remain supported in the near term, but tepid importing appetite from Chinese independent refiners is likely to also pose downsides to the market as fresh tax regulations may narrow refining margins, traders said.

As temperatures start to rise in March, heating demand typically falls, reducing HSFO consumption in Europe. Some European refineries conduct spring maintenance, reducing HSFO output slightly, but this is often offset by the decline in seasonal demand, contributing to softer prices.

Suggested Trade:

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Entry

\$5.75/mt

Target 1*

\$7.75/mt

Take profit

\$9.75/mt

Stop

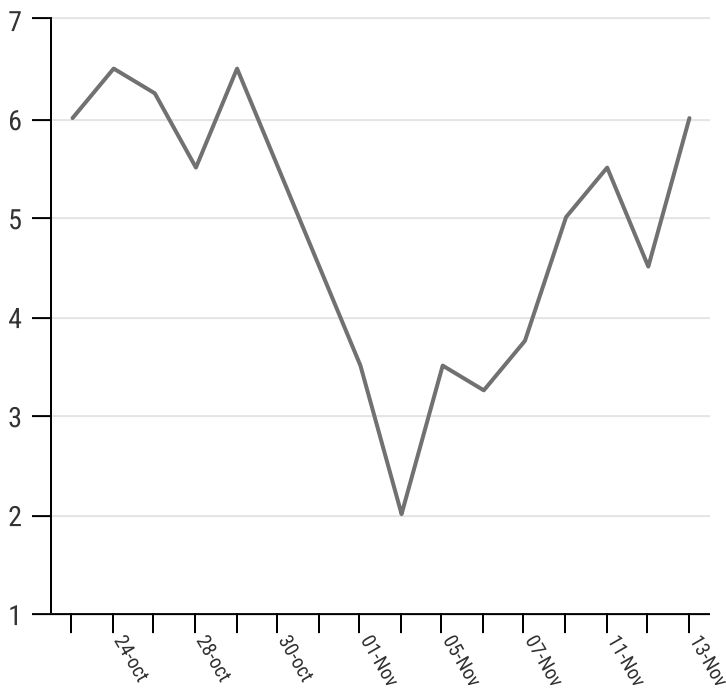
\$3.75/mt

*Once hit \$7.75/mt then have a \$1/mt trailing stop loss.

Risk: \$10,000

Size: 5KT

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Source: Onyx Capital Group