

# THE MARKET THIS WEEK

A summary of the most important developments in the bunker market this week, at your fingertips every Friday

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## FELIXSTOWE STRIKE COULD ESCALATE UNTIL CHRISTMAS - TRADE UNION

Sharon Graham, general secretary of the Unite trade union, signalled that the ongoing strike at **Felixstowe** port could be extended through to Christmas unless workers are given an improved pay offer. A strike was called by nearly **2,000 dockworkers** and has been going on since Sunday in the port, which handles nearly **40% of containers** going to and from the UK.

## HONG KONG BUNKERING RESUMES AFTER TYPHOON

A supplier has delivered stems smoothly in **Hong Kong** since Thursday. Bunkering was largely **suspended** in the port at the beginning of the week in the leadup to **typhoon Ma-on** approaching with heavy rains and winds.

Ma-on did not head for a direct hit on Hong Kong. As it moved north from the South China Sea it made **landfall** in southern China's **Guangdong** province.

## ZHOUSHAN VLSFO DISCOUNT TO SINGAPORE ERASED AMID TIGHTER AVAILABILITY

Zhoushan's VLSFO price fell to a **steep discount** to Singapore's in mid-August, but has now moved back to **near parity** as previously ample stocks in the Chinese bunkering hub have been running low this week. Sources expect VLSFO availability to improve from **early September** onwards with **replenishment** cargoes set to arrive by then, sources say. Some can offer limited VLSFO quantities for prompt dates.

## HIMALAYA SHIPPING TO INSTALL SCRUBBERS ACROSS ITS ENTIRE FLEET

**Himalaya Shipping** expects favourable Hi5 price spreads to help it recover upfront scrubber investment costs within **18 months**. It will install scrubbers across its entire fleet of **12 vessels**.

Price spreads between VLSFO and HSFO - Hi5 spreads - have blown wide open in various ports in recent months. The company forecasts that the current bunker price Hi5 spread in Singapore can drive savings of **\$7,500/day**.

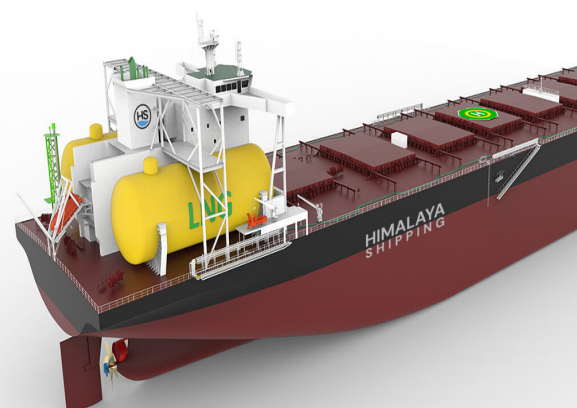
The vessels will be **dual-fuel** with an option to run on LNG or conventional fuels. Deliveries are expected between the second quarter of **2023** and fourth quarter of **2024**.

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**FUJAIRAH'S FUEL INVENTORIES HEAVILY DRAWN AS TERMINAL LOADINGS NORMALISE**

Fujairah's heavy distillate and residual stocks have **plunged** by 14% on the week and to their lowest level since June this year, the latest data from Fujairah Oil Industry Zone (FOIZ) and S&P Global shows. Bunker operations have fully returned to **normal** in Fujairah and contributed to draw fuel oil out of storage. The port's terminals were hit with heavy rains and **flooding** in late July. This caused a massive holdup in the bunker supply chain in the following weeks and forced some suppliers to declare **force majeure**. **Prompt supply** availability remains is **tight** across all grades in Fujairah. Recommended lead times for VLSFO and LSMGO are about 8-9 days, while HSFO requires 11-12 days.

Average Fuel Oil Stocks in August

**12.03m**  
bbls

Average Fuel Oil Stocks in July

**12.53m**  
bbls

**AZANE GETS DNV APPROVAL FOR FLOATING AMMONIA BUNKERING TERMINAL**

Azane Fuel Solutions has received an approval from ship classification society DNV for its ammonia **bunker terminal** and loading station. Norway's Yara, one of the world's biggest ammonia producers, has **pre-ordered 15** floating bunkering terminals from Azane. They aim to start commercial operations at a first 1,000 cbm-capacity bunker terminal in **2024**, and make green ammonia available as a bunker fuel in Scandinavia by then.



**TOTAL SUPPLIES FIRST BIO-VLSFO STEM TO CONTAINER SHIP IN SINGAPORE**

The 4,200 TEU container ship *COSCO Houston* was supplied with a **bio-VLSFO** stem through a ship-to-ship (STS) transfer in **Singapore**. The ship used the biofuel on a voyage to Indonesia's **Jakarta**. The stem was a blend of **20%** used cooking oil methyl ester and VLSFO. TotalEnergies claims this blend can reduce greenhouse gas emissions by **17%** compared to conventional fuel on a lifecycle basis.

**WEEKLY BRENT DEVELOPMENTS**

Front-month ICE Brent is heading for a **3%** gain on the week, propped up by **Saudi Arabia's** suggestion to **cut oil production** in a "schizophrenic" market, and support among other major oil producers for this as they prepare for the next OPEC+ meeting on 5 September.

**Upward pressure:**

Echoing Saudi Arabia, **Algeria's** energy minister Mohamed Arkab believes that the recent weeks' oil price volatility has wrongly been driven by concerns over an economic slowdown rather than oil market fundamentals.

The US Energy Information Administration (EIA) reported a **US crude oil** inventory decline of 3.3 million bbls in the week to 19 August, much bigger than the draw of 933,000 bbls expected by analysts polled by Reuters.

**Downward pressure:**

Iran and the US have inched closer to an agreement. Tehran has received Washington's response to a final EU draft agreement for saving the **Iranian 2015 nuclear deal** with major powers, according to Iran's foreign ministry.

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