

THE MARKET THIS WEEK

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VLSFO EXPORT QUOTAS TO BOOST CHINA BUNKERING

The Chinese government has recently allocated **2.75 million mt** of VLSFO export quotas in a **fourth batch** for bonded bunkering in 2022, according to information provider JLC. China's **Zhoushan** has been pricing VLSFO at **premiums** over other regional bunker hubs over the past week. Fresh export quotas could contribute lower Zhoushan's prices, sources say.

VLSFO SUPPLY ALMOST RUNS DRY IN VANCOUVER

Bunker buyers are struggling to secure **VLSFO** stems for both **prompt dates** and dates further out, as suppliers are running **low** on stock, sources say. Tight VLSFO availability is mostly attributed to a lack of product volumes, while some argue that the **tugboat strike** in Vancouver could have impacted **barge mobility**. This has forced some buyers to bunker **LSMGO** or consider other bunkering options such as **Port Angeles** on the US West Coast.

SOUTH KOREAN BUNKER PORTS GRAPPLE WITH TRIPLE TYPHOON DISRUPTIONS

A third typhoon - **Nanmadol** - is heading towards **Japan** and into **South Korean waters** over the coming days. It is on a path to graze key bunker ports on South Korea's southern coast with strong winds and **potential disruptions**. Bunkering has been suspended in **Busan, Ulsan and Yeosu** since Wednesday, after typhoon **Muifa** brought rough weather to the region, sources say. **Lead times** in South Korean southern ports are now **12 days**.

BUNKERING RESUMES IN GIBRALTAR AFTER BULKER COLLISION AND OIL SPILL

Bunker operations resumed in **Gibraltar** from last Friday evening, after being suspended for **10 days**. Two vessels collided in Gibraltar on 30 August, which caused an oil spill and forced the **Gibraltar Port Authority (GPA)** to **suspend** bunkering along with other port operations.

With bunkering normalised in Gibraltar, **congestion** has eased in the nearby ports of **Algeciras, Ceuta and Las Palmas**. Bunker calls were diverted from Gibraltar to these ports while bunkering was suspended.

Seven vessels were due to arrive in Ceuta for bunkers on Thursday, and eight to Malta. This is down from a peak of **12-15 vessels** last week.



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FUJAIRAH'S FUEL OIL INVENTORIES SURGE TO MULTI-MONTH HIGHS

Fujairah's heavy distillate and residual fuel oil inventories have reached above **13 million bbls** for the first time since June 2021, the latest data from Fujairah Oil Industry Zone (FOIZ) and S&P Global shows.

Russia had been Fujairah's biggest fuel oil import source for four months, but imports have dropped in September. More than half of imports have instead arrived from Iraq and Kuwait, followed by Russia and Singapore, Vortexa data suggests.

Bunker availability is still **tight** in Fujairah. Recommended lead times for VLSFO and HSFO are about **7-10 days**. LSMGO has a shorter **five days**.

Average Fuel Oil Stocks in September

12.70m
bbls

Average Fuel Oil Stocks in August

11.96m
bbls

H2CARRIER PIONEERS A FLOATING GREEN MARINE FUELS FACILITY

Norway-based H2Carrier has developed what could become the world's first large-scale floating **green hydrogen** and **ammonia** facility. A concept design of the facility was recently approved by classification society DNV.

"We expect to **export** the majority of the production, while **bunkering** options will be made available once demand picks up from the maritime sector," said chief executive Mårten Lunde.



MONJASA ADDS FIRST BARGE TO ITS RIO DE JANEIRO OPERATIONS

Danish bunker supplier **Monjasa** has chartered a **1,500 cbm**-capacity **bunker barge** to deliver **MGO stems** in Brazil's **Rio de Janeiro**.

Monjasa has previously delivered MGO by **truck to vessels** at berth in Rio de Janeiro. Its new barge, the **TWB-250**, will also allow for **bunker deliveries** to anchored vessels.

It estimates that around **5-6 million mt/year** of **bunker fuels** is sold in **Brazil**.

WEEKLY BRENT DEVELOPMENTS

Brent is heading for a **2% drop** on the week as fears of an impending global recession have spooked oil markets, despite an upbeat OPEC oil demand outlook for 2023.

Upward pressure:

OPEC has forecast global **demand** to **rise** by 3.1 million b/d in 2022 and by 2.7 million b/d in 2023, citing signs of major economies having fared better than expected despite headwinds such as higher inflation.

The **US-Iran nuclear** deal appears to have hit a **dead end** with both parties refusing further negotiations.

Downward pressure:

The International Energy Agency (**IEA**) **cut** its **oil demand** forecast for 2022 by 100,000 b/d to 2 million b/d as a result of the global economic slowdown. The Paris-based organisation predicts that global oil demand will slow in the fourth quarter of this year, and that supply will exceed demand into 2023.

Adding fuel to the fire is a recent **World Bank report** warning of a **recession** next year caused by an aggressive wave of policy tightening.

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