

# 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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## GULF COAST SUPPLIERS RUSHING TO GET PRODUCT

Bunker suppliers in Houston and off the Gulf Coast are closely monitoring potential knock-on impacts from the recent **Keystone Pipeline** disruption. The stretch of Keystone that carries crude from Alberta, Canada to the storage hub in Cushing and the US Gulf Coast has been offline since last Wednesday, after its operator TC Energy detected an oil leak. Suppliers fear less bunker fuel will become available from refineries reliant on this crude.

## IBIA SUPPORTS FOR BUNKER SUPPLIER LICENSING AND MASS FLOW METERS AT MEPC79

The International Bunker Industry Association (IBIA) has submitted survey results to the IMO's 79<sup>th</sup> MEPC session, which show **industry backing** for bunker supplier licensing and use of mass flow meters. IBIA has urged MEPC member states to consider a licensing scheme "to combat the high level of non-compliance in some poorer performing geographical regions."

## GOODFUELS DELIVERS 100% BIOFUEL STEM

Dutch biofuel supplier GoodFuels bunkered German cruise line AIDA Cruises' cruise ship *AIDAprima* with **100% biofuel** in Rotterdam. The biofuel was produced from used cooking oil and animal waste fats. The company claims that this biofuel can reduce carbon dioxide emissions by 80-90% compared to conventional marine fuels and that no engine modifications are required to use it. Biofuels have been gaining traction as drop-in fuels among shipowners looking to reduce near-term carbon emissions. Pure biofuel testing is rarer.

## WIDE HI5 SPREADS SPUR CLEAN MARINE TO GEAR UP FOR FLURRY OF SCRUBBER ORDERS

Singapore's Hi5 spread leapt up from less than \$100/mt in early May to an all-time record of \$575/mt in July. That was way beyond anyone's expectations and more than \$200/mt above the previous peak levels seen right after the IMO 2020 sulphur cap came into force. Evidence from the past six months of Hi5 spreads and future projections of these staying wide could very well trigger another flurry of scrubber orders.

Scrubber manufacturer **Clean Marine** says it is now increasing capacity to meet that demand. "We are now ramping up our scrubber installations fully because we believe momentum is building," Clean Marine's Nicholas Hvide Macleod said, "Hi5 spreads look very lucrative going forward."

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**SINGAPORE'S BUNKER SALES TOP YEARLY HIGHS**

Bigger stems and a surge in low sulphur fuel sales in November contributed to lift Singapore's total bunker sales **up by 3%** on the month, according to the Maritime and Port Authority of Singapore.

VLSFO and MGO sales increased by 5-6%, while HSFO sales declined by 5% after reaching multi-month highs in October. A total of 3,299 vessels arrived for bunker calls in November, which was lower than 3,431 vessels in October. But the average stem size was 86 mt larger than in October, at 1,324 mt.

All fuel grades were in tight availability for prompt delivery dates in November. Recommended lead times averaged 7-12 days.

Bunker Fuel Sales in November

**4.37m**  
bbls

Bunker Fuel Sales in October

**4.25m**  
bbls

**METHANOL'S HEAD START**

Finnish company Auramarine has recently developed a fuel supply system for methanol engines. The system supplies methanol from the service tank on a ship to the main fuel valve in the engine while regulating its flow, pressure and temperature. The company's chief executive John Bergman said, "methanol is a **minute ahead of ammonia**, since there is already an engine available, and so we are among the first movers in the maritime industry by developing a fuel supply unit for the future fuel."



**SAFETY HAZARDS A BIG CONCERN FOR AMMONIA UPTAKE**

While ammonia is currently shipped globally as cargo, risks in using it as a fuel are still largely unknown, Mærsk Mc-Kinney Møller Center's ship design manager Thomas McKenney said at a webinar this week. He added that because the fuel is extremely toxic, **thorough risk assessments** must be carried out during the vessel design phase itself. Fuel handling rooms are among the riskiest areas onboard ammonia-powered vessels, McKenney said.

**WEEKLY BRENT DEVELOPMENTS**

Brent is on track for a partial recovery from last week's steep decline. Expectations of a significant oil demand comeback through next year has lifted the futures contract around **8% higher** in the past week.

**Upward pressure:**

OPEC and the International Energy Agency (IEA) have forecast increased global oil demand next year, led by a potential upside from China. In addition, the IEA sees another oil price rally as the market expects a tightening of supply in the second quarter of 2023.

Oil markets are heavily driven by China, which is the world's top importer of oil. China's decision to relax its previously relentless zero-Covid policy almost two years after the pandemic outbreak has spurred optimism over its economic growth prospects and oil demand next year.

**Downward pressure:**

Commercial US crude oil stockpiles grew by more than 10 million bbls in the latest week, according to government figures. Gasoline stocks rose by 4.50 million bbls and diesel stocks by 1.36 million bbls, which may signal weaker demand.

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