

# THE MARKET THIS WEEK

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## TEXAS AND NORTH DAKOTA STRUGGLE WITH OIL PRODUCTION AMID 'ONCE-IN-A-LIFETIME' BLIZZARD

Refineries operated by Motiva Enterprises, Marathon Petroleum, TotalEnergies, ExxonMobil, Valero Energy and LyondellBasell in Texas were affected by the storms. These refineries normally process a combined **3.58 million b/d of crude oil**, Reuters estimates. The US has seen tighter oil supply after "bomb cyclone" winter storms blanketed large areas of the country.

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## CHINESE BUNKERING UNAFFECTED BY RECENT COVID OUTBREAK

China's **surging Covid-19 cases** have had little to no impact on port operations and bunkering in Zhoushan and Shanghai, sources said. Suppliers in Zhoushan continue to deliver stems as long as the weather permits. "Most of them fear of weather disruptions rather than Covid-19 restrictions," a source says. The the weather is typically harsher there during winter.

## SUEZ CANAL REPORTS RECORD REVENUE BUT MOVES AHEAD WITH TRANSIT FEE INCREASES

According to Suez Canal Authority (SCA) chairman and managing director Osama Rabie, the canal made \$7.9 billion in revenue in 2022, up from \$6.3 billion last year. Over 23,000 ships carrying a total of 1.4 billion mt of cargo passed through the Suez Canal this year, up from 21,700 ships last year. Even with record profits, the canal authority will **hike transit fees** for most vessel types by 15%, and for dry bulk carriers and cruise ships by 10%, from 1 January.



## SUPERFUND TAX UNLIKELY TO IMPACT BUNKER SALES IN US PORTS

The Superfund Excise tax that will be levied on all wholesale oil products, including those eventually sold as bunkers, from 1 January is not likely to impact on bunker sales in US ports, sources said. "The tax is **very minimal** and can be easily absorbed by bunker buyers," a trader said. Most suppliers in the Houston area are not expecting any major impact on sales volumes, the trader added.

US President Joe Biden signed the Inflation Reduction Act (IRA) 2022 on 16 August. The IRA reimposes a Superfund Exercise tax on crude and petroleum product of \$0.164/bbl from 1 January onwards. A standard charge of \$0.0039/ gallon will be charged for all gasoline and distillate-based product sales including LSMGO from 1 January, a US-based bunker supplier said in a note.

**GIBRALTAR BUNKER DEMAND DOWN 3% ON THE YEAR IN NOVEMBER**

Gibraltar received 3% fewer **bunker calls** from ships in November than a year earlier, Gibraltar Port Authority figures showed. While bunker calls were down on the year in November, they were up by 6% from October.

Bunker calls from cruise ships picked up in November with 24 cruise ships calling at Gibraltar, compared to 16 in the same month the previous year. A total of 170 cruise ships called at Gibraltar during the first 11 months of this year, compared to 46 in the whole of 2021. Demand from cruise ships was poor last year due to Covid-19-related mobility restrictions. Gibraltar Port Authority does not publish data on bunker sales volumes.

Bunker Calls in November 2022

**415**

Bunker Calls in November 2021

**426**

**HAFNIA WILL ADD FOUR DUAL-FUEL LNG TANKERS BY 2024**

The first vessel will be delivered in January, followed by a second in April and the final two in 2024. "The high-pressure dual-fuel LNG engines incorporate a flexible design that not only ensures close to zero methane slip but also makes them **adaptable to the zero-emission fuels** of the future (such as ammonia or methanol)," Hafnia said. The vessels will be built by China's Guangzhou Shipyard International and time-chartered to TotalEnergies and Equinor.



**HIGH LNG PRICES PROMPT FJORD LINE CONVERSIONS TO DUAL-FUEL**

Norwegian ferry company Fjord Line has decided to convert its two LNG-only-powered ferries to dual-fuelled so they can also run on conventional LSMGO. Its decision was grounded in the recent high cost of LNG, which it says has impacted its **profitability**. It has reduced the vessels' voyages between Norway and Denmark since early autumn to compensate for these high LNG fuel costs.

**WEEKLY BRENT DEVELOPMENTS**

Front-month Brent is heading for a **2% decline** on the week. A US crude stock build and the restart of some US refineries and a key pipeline have contributed to erase last week's gains.

**Upward pressure:**

Russian President Vladimir Putin has signed an executive order banning the sale of crude and petroleum products to any nation that gets behind the G7 price cap. Russian Deputy Prime Minister Alexander Novak has also estimated the Russia will cut its production by 500,000-700,000 b/d early next year.

**Downward pressure:**

Commercial US crude oil stocks increased by 718,000 bbls in the week ending 23 December, Energy Information Administration (EIA) data showed. Tailwinds from blizzard-induced US refinery closures are fading, Reuters reported. TotalEnergies has already restarted its Port Arthur plant, ExxonMobil is close to ramp up its Beaumont refinery to full capacity and Marathon Petroleum's Galveston Bay refinery is nearly up and running. Meanwhile, US regulators have approved TC Energy's plan to restart the closed segment of the Keystone Pipeline.

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