

# 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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## VLSFO DEMAND ON THE RISE IN MOZAMBIQUE

Bunker fuel demand has been growing in Mozambique's ports of Nacala and Maputo recently, according to market sources. Most of this demand has been for VLSFO, followed by LSMGO. The number of **bunker calls** in Nacala have picked up gradually, from four vessels in each of the first two weeks of November, through to 5-6 vessels in the two last weeks of November, to 12 vessels expected this week, a source says.

## SUPPLIERS WORK THROUGH BUNKER BACKLOGS IN ALGOA BAY

Backlogs grew as bunkering was suspended in Algoa Bay. Deliveries resumed on Tuesday after being **suspended** by bad weather for four days, Rennies Ships Agency said. Three vessels were receiving bunkers at anchorages in the bay on Thursday, and one was held up waiting. Six vessels are due to arrive for bunkers in Algoa Bay and Port Elizabeth towards the end of the week.

## TIGHTER SUPPLY LIFTS SINGAPORE'S VLSFO PRICE AGAINST OTHER BUNKER HUBS

Limited prompt **VLSFO supply** in Singapore has pushed its benchmark price to considerable premiums over Rotterdam and Houston. Its typical discounts to Zhoushan, Busan and Hong Kong have also narrowed or been completely erased. Sources attribute the VLSFO tightness in Singapore to a lack of product availability. Also, bunker demand has drastically improved in Singapore coming into December, while suppliers are currently destocking.

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falling while HSFO levels  
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## PORT OF ROTTERDAM EXPLORES OPTIONS TO CRACK AMMONIA INTO HYDROGEN

A consortium led by the Port of Rotterdam is looking into setting up an **ammonia** cracking facility in the port area that can take imported ammonia and crack it into hydrogen at a scale of 1 million mt/year. The port authority predicts that ammonia will be widely used to produce hydrogen in the northwest European region, primarily because it is much simpler to transport and store than hydrogen.

The consortium has launched a feasibility study into an envisioned cracking facility. It expects to release initial findings from this study by early next year. The 18-member consortium includes oil supermajors such as BP, ExxonMobil and Shell, in addition to the Port of Rotterdam.

## FUJAIRAH FUEL OIL STOCKS HEAVILY DRAWN COMING INTO DECEMBER

Fujairah's residual fuel oil inventories have averaged **11% lower** so far this month than in November as it shows signs of becoming net exporter. According to cargo tracker Vortexa, Fujairah has imported 222,000 b/d of fuel oil so far this month, lower than the 256,000 b/d imported on average across November. The port's fuel exports surged from 216,000 b/d in November, to about 398,000 b/d this month. This has flipped Fujairah's trade balance into net exports and contributed to draw stocks. Prompt bunker supply is tight for all grades. Recommended lead times for VLSFO have gone up from seven days last week, to about 10 days now. HSFO and LSMGO deliveries require 6-9 days.

Average Fuel Oil Stocks in December

**12.56m**  
bbls

Average Fuel Oil Stocks in November

**14.17m**  
bbls

## EUROPEAN PORTS WARN AGAINST CARBON LEAKAGE FROM EU ETS

The European Sea Ports Organisation (ESPO) said that **carbon leakage** needs to be addressed before shipping becomes part of the EU Emissions Trading System (EU ETS). It urged policy makers to protect the competitiveness of European ports. "Rerouting to ports outside the EU, or a modal shift to road are to be seen as failures of the system," ESPO secretary general Isabelle Ryckbost argued.



## SINGAPORE LAYS GROUNDWORK FOR AMMONIA BUNKERING BY 2027

The Maritime Port Authority of Singapore (MPA) and Singapore's Energy Market Authority (EMA) have invited market participants to submit proposals to build, own and operate **ammonia bunkering** and power generation infrastructure on Jurong Island. Successful bidders will be responsible for buying, importing, storing and distributing ammonia, or hydrogen derived from ammonia.

## WEEKLY BRENT DEVELOPMENTS

Brent is heading for a massive **10% fall** on the week amid mounting fears of global economies slipping into recession.

### Downward pressure:

Goldman Sachs and JPMorgan heads have forecast a recession for the US economy next year, while EU Economy Commissioner Paolo Gentiloni has warned of a winter recession in Europe. Deutsche Bank, Wells Fargo and the Bank of America have also joined the chorus of voices predicting recessions next year. And concerns over Chinese demand continue to ruffle oil markets. Chinese manufacturing contracted for a fourth straight month in November.

### Upward pressure:

The EIA sees Brent averaging \$92/bbl next year as it expects global oil inventories to decline in support of the key crude benchmark. It expects oil supply disruptions and slower fuel production growth to offset any downward pressures. Also in the past week, OPEC and its allies agreed to maintain their current policy of reducing oil production by 2 million b/d until the end of next year, but while leaving open the option to take "immediate additional measures" if needed.

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