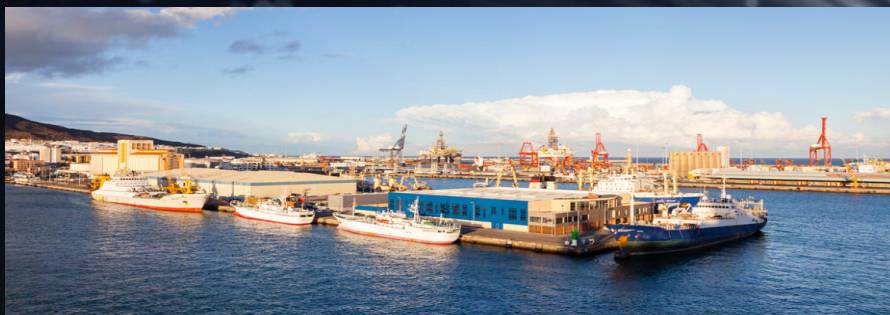


THE MARKET THIS WEEK

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HSFO SUPPLY TIGHT IN LAS PALMAS

Bunker buyers are struggling to secure HSFO stems for both prompt dates and dates further out in **Las Palmas** as suppliers are running low on stock, sources say. One supplier in Las Palmas is mostly offering HSFO for delivery dates in mid-March, while another cannot commit to deliveries until the end of this month, a source says. One of the suppliers can still offer HSFO for prompter dates, but these are typically priced much higher.

PETROBRAS STARTS LSMGO SUPPLY IN SANTOS

Brazilian oil and gas company Petrobras has started offering LSMGO in Brazil's **Port of Santos**. The port is Latin America's busiest cargo handling port, with incoming vessels carrying containers, dry bulk, liquid bulk and general cargo. Petrobras will source LSMGO from the Presidente Bernardes refinery (RPBC) in Cubatão, São Paulo. It already supplies 0.50% sulphur MGO and VLSFO stems in Santos using about nine barges.

PENINSULA TO OFFER UCOME-BASED BIOFUELS IN GIBRALTAR STRAIT

"We will have the ability to supply all blends to customer specifications," a Peninsula spokesperson said. **Biofuel** deliveries will be done by barge. Peninsula is a physical bunker supplier in major ports in the Gibraltar Strait, Mediterranean, northern Europe, Mauritius, UAE and Panama. It also aims to expand biofuel supply to some of these locations in the near term - although it has not yet confirmed which.

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VLSFO AND LSMGO AVAILABILITY TIGHT IN THE ARA

Lead times of up to seven days are recommended for VLSFO stems in the ARA region, while LSMGO requires around 2-3 days of lead times - which is unusually long for both grades, sources say. VLSFO availability has been tight because of **barge loading delays** at terminals of up to 2-3 days, and that has had a knock-on impact on fuel supply and bunker deliveries, sources say. LSMGO could tighten further in the first two weeks of March, a source says, as large cargo volumes are being exported to Singapore and other places. This comes despite the ARA's independent gasoil and diesel stocks swelling to two-year highs on large inflows from China, India, Saudi Arabia and other sources. These imports have helped replace banned Russian imports, particularly diesel. An upcoming refinery maintenance at Shell's Energy and Chemicals Park in Rotterdam from mid-March to mid-April could also cap supply and add upward price pressure.

JUMP IN US RESIDUAL FUEL OIL DEMAND, MEXICO BACK AS TOP IMPORT SOURCE

Monthly US fuel oil supply, or **implied demand**, surged to average 18% higher in February than across January, and to the highest level since last May, data from the Energy Information Administration (EIA) showed. More fuel oil was supplied out of the US storage tanks to outlets like bunker fuel blenders and bulk terminals, to refinery coking units for upgrades to other higher-value products, or to power generation. Despite more fuel oil being supplied, the country's fuel oil stocks grew by 2% in February and remained above 30 million bbls for a seventh consecutive week. Mexico became the biggest US import source again, overtaking Iraq with 30% of the US' total in February, according to cargo tracker Vortexa. Iraq and Malaysia were other top sources.

US Fuel Oil Demand in February

361,000
b/d

US Fuel Oil Demand in January

306,000
b/d

MOL AND METHANEX ACHIEVE MAJOR METHANOL MILESTONE

MOL's dual-fuel tanker *Cajun Sun* has claimed the **"first-ever" net-zero voyage**. It sailed between Methanex's Geismar methanol plant in Louisiana, US and Antwerp, Belgium while being powered by a blend of bio-methanol and natural gas-based methanol. Methanex says the cost of producing bio-methanol from renewable natural gas is \$455-1,013/mt. It estimates that the cost will drop to anywhere between \$395-884/mt over the next decade.



SHELL TO SUPPLY LNG TO HAPAG-LLOYD CONTAINER SHIPS

Shell will bunker 12 of Hapag-Lloyd's upcoming dual-fuel container ships with **LNG** through a multi-year supply agreement. The 12 ships will be some of the world's biggest with 23,500 TEU capacity each when they are delivered this year and next year. They will be deployed on Europe-Far East routes and make port calls in Rotterdam, Hamburg, Singapore and Shanghai. Shell plans to bunker the vessels during port calls in Rotterdam.

WEEKLY BRENT DEVELOPMENTS

Front-month Brent is on track for a **2% rise** on the week, buoyed by higher Chinese manufacturing activity data and refinery maintenances, but a looming prospect of weaker economic growth in other countries has curbed further gains.

Upward pressure:

China's official manufacturing purchasing manager index (PMI) surged to 52.6 in February, up from 50.1 in January and beating analyst predictions of 50.5, Reuters reported. Brent has been trading rangebound in recent weeks awaiting signals of a Chinese oil demand recovery. A further rise in manufacturing activity could help propel crude prices higher.

State-owned Chinese refineries, meanwhile, are expected to cut production by 241,000 b/d this month amid seasonal maintenances, JLC said.

Downward pressure:

Oil price gains have been capped by fears of weaker demand in countries with slowing economic growth, ANZ commodities strategist Daniel Hynes said. Higher-than-expected US inflation data has raised concerns that more interest rate hikes from the US Federal Reserve could be on the cards, he added.

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