

# THE MARKET THIS WEEK

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## VLSFO SUPPLY LOOKS TIGHT FOR WEEKS IN ULSAN

Availability of VLSFO is “super tight” in South Korea’s Ulsan, according to sources. Two suppliers have held back VLSFO offers for the next 2-3 weeks due to **low inventory** levels, a source says. The earliest delivery date for VLSFO with another supplier is eight days out. Meanwhile, LSMGO is said to be more readily available in Ulsan, with prompt deliveries possible, sources say. Ulsan and other southern ports can expect rough weather conditions until Sunday.

## INDONESIA VLSFO PRICES DROP SHARPLY WITH PERTAMINA'S NEW STRATEGY

VLSFO prices in Jakarta and Surabaya have plunged by nearly \$200/mt after state-owned Pertamina revamped its VLSFO pricing strategy. The company’s VLSFO sales to ocean-going vessels in Jakarta, Surabaya and Balikpapan are now exempted from an 11% **value-added tax (VAT)**. The company expects to boost sales to ocean-going vessels, which have been lacking in the past due to significant price gaps with regional bunker hubs such as Singapore.

## BIO-METHANOL PLANT COMING IN DAMIETTA PORT

Egypt’s Alexandria National Refining and Petrochemical Company and Norwegian renewable energy producer Scatec will produce 40,000 mt/year of **bio-methanol** as a low-emission marine fuel alternative. The production facility will be located along the Mediterranean coast in Egypt’s Port of Damietta. The plant will also include a seawater desalination plant and a bio-methanol storage facility. In the future, its production capacity can be increased to 200,000 mt/year.

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## EGYPTIAN FIRM TO SUPPLY GREEN AMMONIA TO VESSELS IN THE SUEZ

Freepan Holdings will source 800,000 mt/year of **green ammonia**, from Germany’s DAI Infrastructure (DAI), and supply it to ships transiting the Suez Canal. The 10-year ammonia supply agreement between Freepan Holdings and DAI will be effective from the first quarter of 2028, according to DAI. DAI is building a green ammonia plant at East Port Said in Egypt, with capacity to produce 1.6 million mt/year by 2028. The facility’s capacity can be expanded to 2 million mt/year if necessary. East Port Said is a deep-water port on the Mediterranean Sea and is located at the northern end of the Suez Canal. Through this pact, the Egyptian ammonia trader will be able to support the shipping industry’s transition to lower carbon dioxide emissions, according to Panagiotis Natsiopoulou, the chief executive of Freepan Holdings.

**SINGAPORE BUNKER SALES ROSE TO THREE-MONTH HIGHS IN APRIL**

More low sulphur sales contributed to push the port's total bunker sales **up by 2%** in April. In April, 3,495 vessels called to bunker in Singapore, a slight increase of 19 from March, according to preliminary figures from the Maritime and Port Authority of Singapore. The average stem size was 1,217 mt in April, up from 1,201 mt in March. Singapore's VLSFO sales grew by 5% and to their highest level in three months, while HSFO and MGO sales in the port declined by 4% and 1%, respectively.

Meanwhile, total bunker sales across the first four months of the year combined were 10% higher compared to the same period last year.

Total Bunker Sales in April

**4.25m**  
mt

Total Bunker Sales in March

**3.79m**  
mt

**JAPANESE CONSORTIUM STARTS TRIALS ON AMMONIA ENGINE**

Japanese maritime heavyweights have started co-firing tests for a low-speed two-stroke engine powered by **ammonia** that is set for release in 2025. The engine will be supplied with ammonia fuel at a site near the Mitsubishi Heavy Industries Research and Innovation Center in Nagasaki, Japan, which will also serve as a testing site for bunkering ammonia in vessels. The consortium includes shipping company Nippon Yusen Kabushiki Kaisha (NYK Line), and three other entities.



**EXXONMOBIL TO SUPPLY GREEN AMMONIA**

ExxonMobil is working with a Norwegian trio to produce and distribute up to 20,000 mt/year of **green hydrogen** and 100,000 mt/year of **green ammonia** for maritime consumption. The firms include Grieg Edge, which is the maritime-dedicated innovation unit of Grieg Maritime Group. They will build a green hydrogen and ammonia production and distribution facility at ExxonMobil's fuel terminal at the Slagen port in Norway.

**WEEKLY BRENT DEVELOPMENTS**

Front-month Brent is heading for a **2% rise** on the week, buoyed by hopes of a global demand revival and progress in the US debt ceiling negotiations.

**Upward pressure:**

The International Energy Agency (IEA) has raised its global oil demand forecast for 2023 and now expects demand to exceed supply by almost 2 million b/d this year. This could lead to supply tightening in the second half of the year. China will "account for nearly 60% of global growth in 2023," IEA said in its May Oil Market Report.

US President Joe Biden has hinted that Congress is likely to raise the federal government's \$31.4 trillion debt ceiling soon. "I'm confident that we'll get the agreement on the budget, that America will not default," Biden has said.

**Downward pressure:**

Commercial US crude inventories have seen a build of 5.04 million bbls in the week that ended on 12 May, according to official data by the Energy Information Administration (EIA). This is greater than the American Petroleum Institute (API) estimate of a build of 3.7 million bbls.

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