

THE MARKET THIS WEEK

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COUNTDOWN TO MEPC 80: IMO SECRETARY GENERAL CALLS FOR DECISIVE ACTION

The IMO's secretary general Kitack Lim urged members of the Intersessional Working Group to be "bold and ambitious" in their efforts to revise the **global greenhouse gas (GHG) strategy** for IMO member states to adopt next week. "It is now time to work together on increasing the level of ambition for 2050 and establish the intermediate check points by 2030 and 2040," he said.

SHINY SHIPPING EXPANDS BUNKERING TO OMAN

Mumbai-based physical bunker supplier **Shiny Shipping** has inked a deal with Global Oil Resources to enter the Omani bunker market. The company has started offering LSMGO in the Omani ports of Sohar, Shinas, Suwaiq and Muscat. The grade will be delivered via its bunker barge *Shaun 1*. It also plans to supply VLSFO and HSFO in due course. Prices for LSMGO "will be competitive to Khor Fakkan and Fujairah," Shiny Shipping's bunkering and operations head Shaun Noronha said in a social media post.

HORMUZ MARINE LAUNCHES BUNKER OPERATIONS IN KHASAB

Omani bunker supplier Hormuz Marine has signed a deal with port operator Hutchison Ports Sohar to expand its bunker operations to the Omani **Port of Khasab**. It already has physical operations in the Omani ports of Sohar, Duqm and Salalah, where it supplies LSMGO, VLSFO and HSFO. Earlier this month, O Bunkering also started offering LSMGO in Khasab, located at the northern shore of Oman, in the Musandam Governorate facing the Strait of Hormuz.

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LATEST EU SANCTIONS PACKAGE TARGETS RUSSIAN STS TRANSFERS

Ships engaging in **illegal ship-to-ship transfers (STS)** of Russian oil or found to be turning off their AIS transponders will be banned from accessing EU ports. The EU made the decision after it observed an increase in fraudulent practices by vessels transporting Russian crude and refined products by concealing the oil's origin. This could be in violation of the EU's import ban on seaborne Russian oil imports, and of the price caps it has in place on Russian oil. Several STS transfers of Russian Urals crude were recently recorded off the Canary Islands and off Cape Verde in the Atlantic Ocean, according to cargo tracker Vortexa. "We want to counter the increase of deceptive practices by vessels transporting Russian crude oil and petroleum products which aim to hide the origin of the oil and circumvent our import ban and price cap on the transport and services to third countries," the EU said.

US RESIDUAL DEMAND SLUMPS TO EIGHT-YEAR LOW

US fuel oil supply, or **implied demand**, has averaged 25% lower this month than in May and has plunged to 147,000 b/d - its lowest monthly level since October 2015, data from the Energy Information Administration (EIA) shows. Much less fuel oil has been supplied out of storage to outlets like bunker fuel blenders and bulk terminals, to refinery coking units for upgrades to other higher-value products, or to power generation.

Total US fuel oil stocks have averaged 3% lower this month despite less fuel oil supplied out. Stocks have been drawn amid a 26% drop in fuel oil production and with only about half as much imported this month. Mexico has been the US' biggest fuel oil import source this month, as it has been for a year now.

Implied US Fuel Oil Demand in June

147,000
b/d

Implied US Fuel Oil Demand in May

195,000
b/d

JAPAN SEEKS 5% GREEN FUELS BY 2030 AND MASS RETROFITS

Access to marine fuels with zero well-to-wake (WtW) emissions and widespread conversions of fossil-fuelled vessels to renewable-fuelled ones will be crucial to eliminate GHG emissions by 2050, Japan has written in a **proposal to the IMO**. To achieve this, all existing and newbuild vessels should be fitted with engines that can run on alternative fuels with zero WtW emission potential. Uncertain availability of these fuels will be the main barrier, Japan argues.



SHIPPING CAN HALVE EMISSIONS THIS DECADE WITHOUT DENTING TRADE

A recent study by consulting firm CE Delft shows that it is technically possible to reduce shipping emissions by **28-47% by 2030**, compared to 2008 levels. Slow steaming and other operational measures are ships' most potent tools, accounting for about half of their emission reduction potential. Wind-assisted propulsion can make up a quarter, and zero- or low-carbon fuels another quarter.

WEEKLY BRENT DEVELOPMENTS

Front-month Brent is trading roughly **steady** with last week's settlement as interest rate hike worries were in a tug-of-war with near-term US demand signals.

Upward pressure:

Brent pared some losses with EIA figures showing that commercial US crude oil inventories were drawn by 9.60 million bbls in the latest week. "Energy traders turned bullish quickly after the EIA energy report," said OANDA's market analyst Ed Moya.

Saudi Arabia's 1 million b/d output cuts pledged in early June will come into force from July and is expected to add some upward pressure to Brent.

Downward pressure:

Concerns over further interest rate hikes that can potentially reduce global economic growth - with a knock-on effect on oil demand - have weighed on Brent this week.

"The market turned around on renewed worries about further rate hikes in the US and Europe, which will reduce global oil demand," said Hiroyuki Kikukawa, president of NS Trading, a unit of Nissan Securities.

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