

Weekly Market News

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Check out the new Bunker Quality Trends Report 2023: Analysing data from 60 million metric tonnes of supply

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REPORT



MEPC 80: IMO puts shipping closer to 1.5°C goal, more work needed ahead - experts say

The International Maritime Organisation's (IMO) revised strategy brings shipping's share of global emissions more in line with the Paris Agreement's 1.5°C-aligned carbon budget, **but will exceed it by 2032**, according to the International Council on Clean Transportation (ICCT). IMO member states agreed to reach net zero by or around 2050 at the 80th Marine Environmental Protection Committee meeting held last week. The members also agreed to set indicative checkpoints for 20% greenhouse gas (GHG) emissions reduction by 2030 (striving for 30%), and 70% cuts by 2040 (striving for 80%). Both targets are compared to 2008 levels. The changes have been heavily criticised by environmental activists for not being aligned with the Paris Agreement. The 2015 agreement calls for changes that will limit the rise in global temperatures to well below 2°C above pre-industrial levels and strive to limit it to 1.5°C.

VLSFO contamination in the US Gulf Coast area

Over the past month, the Fuel Oil Bunker Analysis Service (FOBAS) of Lloyd's Register (LR) has dealt with several cases of contaminated VLSFO stems supplied in the US Gulf Coast region, particularly in Houston and New Orleans. Some of the vessels that bunkered the contaminated VLSFO have reported problems with fuel injection systems, which have resulted in loss of power. These contaminated stems were delivered between late March and early May, LR said. It says at least 1-2% of the fuel tested had components that are not part of the regular refining stream, but had similar characteristics of various **chemical waste products**.

First bunkering operation completed in Sokhna

The General Authority for the Suez Canal Economic Zone (SCZONE) has announced the completion of first bunkering operation in the Port of Ain Sokhna, Egypt. Bunker supplier **Minerva Bunkering's** vessel Karpathos delivered 950 mt of fuel to the container ship CMA CGM Suez. The move is in sync with "the plans of expansion and growth to achieve Egypt's strategy for the transformation into a regional and leading ships' bunkering hub," SCZONE's chairman Waleid Gamal El-Dien said.

Bio-methanol in Amsterdam and massive ship order

Dutch renewable energy firm FincoEnergies will supply **bio-methanol** in the Port of Amsterdam. FincoEnergies has upgraded its supply chain network to be able to supply bio-methanol in the port. Before granting the firm a bio-methanol bunker license, the ports of Rotterdam and Amsterdam undertook safety audits. The bio-methanol will initially be delivered via trucks, with barge deliveries following in the future, a FincoEnergies' spokesperson told ENGINE. It will be offered under the brand name GoodFuels. FincoEnergies is a majority stakeholder of GoodNRG, the parent company of GoodFuels.

Also in methanol this week, Taiwanese shipping major Evergreen is doubling down on methanol as its alternative fuel of choice, confirming orders for **24 dual-fuel methanol container ships** worth up to \$5 billion. With this order, Evergreen is now in joint second place with CMA CGM among the container liners with most methanol-fuelled ship orders, both behind Maersk's 25.



Stone Oil to supply renewable diesel on US Gulf Coast

The renewable diesel will currently be based on soy oil and used cooking oil (UCO) blended with either VLSFO or LSMGO, Stone Oil's chief operating officer Anthony (Tony) Odak told ENGINE. Tallow, or animal fats, will be also used for blending in the near term, in addition to soy oil and UCO, before Stone eventually will be moving to complete waste oil-based feedstocks in the future. Enquiries have so far been for blends made up of **20-30% renewable content**.



Shipping emissions inching towards 'point of no return' – T&E

Ships visiting European ports emitted nearly 130 million mt of CO₂ in 2022, with cargo and **container ships accounting for most** of the emissions, according to a recent report by Transport & Environment (T&E). Among the biggest polluters, container ships released 37.2 million mt of CO₂, followed by bulk carriers with 17.4 million mt, oil tankers with 15.9 million mt, ferries with 12.9 million mt and LNG carriers rounding out the top five with 10.1 million mt.

Fujairah fuel oil stocks in July

9.35m bbls

Fujairah fuel oil stocks in June

10.35m bbls

Fujairah's fuel oil stocks drawn 10% coming into July

Fujairah's fuel oil stocks have averaged 10% lower in the first week of July compared to June, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows. Fujairah has imported 379,000 b/d of fuel so far this month, a massive rise of 101,000 b/d from June, according to cargo tracker Vortexa. In the same time period, the port's fuel oil exports have also surged by 56,000 b/d to 356,000 b/d. **Russia has dominated Fujairah's fuel oil imports** so far this month, accounting for 38% of Fujairah's total. Iraq (17%) and Iran (15%) have been the UAE port's second and third biggest fuel oil import sources this month. All grades remain tight in Fujairah amid good demand. Lead times of 5-7 days are recommended – virtually unchanged from last week. However, some can supply all grades prompt, but these deliveries are subject to stem sizes.

Weekly Brent Developments

Front-month Brent is heading for a **4% gain** on the week, and has moved above \$80/bbl for the first time in three months, propped up by tighter global supply and renewed demand hopes.

Upward pressure:

Brent futures have continued to gain upward momentum after a key US consumer price inflation (CPI) report showed both headline rates and core rates (excluding food and energy) rose by 0.2% month-on-month in June. The report came from the US Labor Department. "Brent has finally broken out of the range it has spent almost two months trading in," said ING's market analyst Warren Patterson. "The key catalyst for the move was the US CPI data coming in below consensus," he further added.

Downward pressure:

Brent felt some downward pressure after the US Energy Information Administration (EIA) reported a big crude inventory build in the US. Commercial US crude oil inventories increased by 5.95 million bbls in the week that ended 7 July, which was much higher than the 3 million-bbl figure reported by the American Petroleum Institute on Tuesday.

"Persistent macroeconomic headwinds" has prompted the International Energy Agency (IEA) to reduce its 2023 oil demand growth forecast by 220,000 b/d from its previous forecast.

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