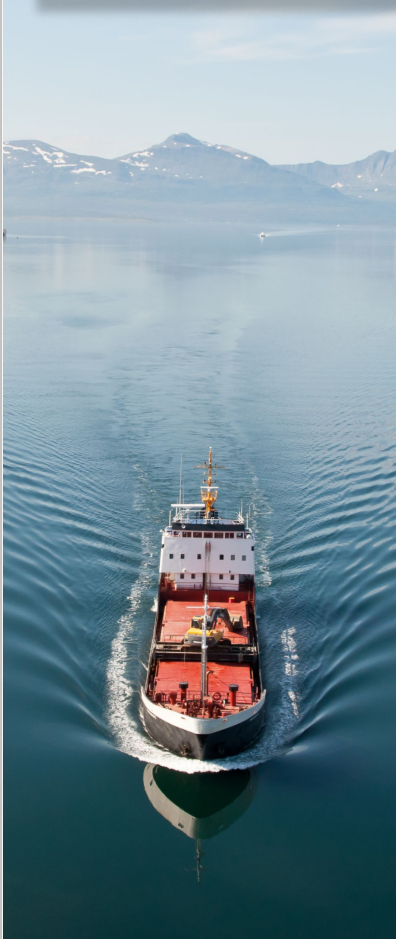


Weekly Market News

Issue No. 178 | 24th-28th July 2023

Check out our latest article: The price is right; but what is happening to VLSFO in Singapore?

READ
REPORT



Norway to introduce 6% biofuel blending mandate

The mandate will only be applicable to **bunkers** sold to the domestic maritime market from October, including ships operating between Norwegian ports, rigs and fishing vessels, a source told ENGINE. Initially, a 4% biofuel blending mandate was proposed, which was subsequently increased to 6%. The marine biofuels will be blends of 94% gasoil and 6% biofuel, which will mostly be based on hydrogenated vegetable oil (HVO). When the mandate kicks in, LSMGO prices for domestic vessels in Bergen and other Norwegian ports stand to rise by almost \$70/mt from current levels, the source claimed. Meanwhile, Norwegian energy firm MHSservice recently said that it would be impossible to implement the mandate so soon.

Sixfold rise in Hambantota's bunker fuel throughput

The Hambantota International Port (HIP) said six times more **bunker fuel volumes** were handled in the first half this year than over the same period last year. The Sri Lankan port's oil and gas throughput stood over 500,000 mt in June. "Marine fuel bunkers make up a large percentage of the throughput we have achieved so far and we are seeing the numbers steadily increasing. This is mainly due to the close collaboration we have with our bunkering partner Sinopec Fuel Oil Lanka (SFOL)," HIP's chief operating officer Tissa Wickramasinghe said. A significant rise in vessel calls was the primary reason for achieving the target. HIP received 143 vessel calls in the first half of 2023, up from just 50 in the same period last year.

Bunker One delivers biofuel in Aarhus

Global bunker supplier Bunker One delivered a **B30 stem** to a cruise ship operated by German cruise firm TUI Cruises in Denmark's Port of Aarhus. It delivered B30 marine biofuel – a blend of 30% second-generation fatty acid methyl ester (FAME) based on vegetable oil and used cooking oil residue, with 70% gasoil. The biofuel was delivered by trucks. By 2030, TUI Cruises aims to reduce its CO2 emissions by more than a quarter compared to 2019 levels. It plans to increase uptake of alternative fuels across its fleet and use measures such as shore power and slow steaming to improve efficiency. Meanwhile, Bunker One is eyeing methanol bunkering in Northwest Europe, and signed a long-term charter of a bunker tanker in Sweden last month.

Bunker delivery crews to be trained on methanol

IBIA has launched a **methanol bunker training** programme for crew operating bunker tankers and for bunker surveyors. It has partnered with Green Marine, which has developed a methanol training curriculum based on years of experience gained from crew working on dual-fuel methanol ships. It will also build on training gaps identified from a methanol bunker pilot in the Port of Singapore. IBIA and Green Marine's upcoming training programme will have backing from the Methanol Institute. "These are still early days for alternative fuels, making it a necessity to collaborate on fundamental elements for their safe and efficient integration with the maritime supply chain, bunkering and on-board handling," the Methanol Institute's chief operating officer Chris Chatterton said.

They have not said how many crews will get training, but the idea is to start the programme from next year in Singapore and subsequently expand it globally.



FuelEU Maritime officially adopted in Europe

After it passed through the European Parliament, **FuelEU Maritime** has officially been adopted by the European Council. The legislation will be published in the EU Official Journal after the summer and become law in 20 days. The new law will “help kick-start the large-scale production of sustainable maritime fuels, thus substantially delivering on our climate targets at European and global level,” said Spanish transport minister Raquel Sánchez Jiménez.



Upcoming e-methanol plant in Finland to power shipping

TEH2, the hydrogen arm of Paris-based renewable energy producer Total Eren, has partnered with Finnish green fuel producer Aliceco Energy to construct an **e-methanol plant** in Kokkola Industrial Park in Finland. Production at the planned 400,000 mt/year-capacity e-methanol plant is scheduled to commence in 2029. It will produce e-methanol from biogenic CO2 captured from Finnish energy supplier Kokkola Energia's biomass boilers.

Rotterdam Q2
LNG sales

73,000 mt

Rotterdam Q1
LNG sales

35,000 mt

Massive alternative fuels sales growth in Rotterdam

Rotterdam's **LNG bunker sales doubled** between the first and second quarters this year, and biofuel-blended bunker sales increased by 25%, according to figures released by the Port of Rotterdam Authority. LNG bunker sales touched 180,000 cbm (73,000 mt) in the second quarter of this year, up from 86,000 cbm (35,000 mt) sold in the previous quarter. LNG sales have increased for the third consecutive quarter, but are still lower than the peak sales of 213,000 cbm (86,000 mt) recorded in the third quarter of 2021. Total biofuel sales have increased from 149,000 mt in the first quarter of this year, to 186,000 mt in the second quarter. About 78% of the biofuel blends sold in the second quarter have been bio-VLSFO, followed by bio-HSFO (14%) and bio-MGO (5%).

By comparison, Rotterdam's biofuel sales were about 76% higher than Singapore's sales in the second quarter. Its LNG sales were roughly two times greater.

Weekly Brent Developments

Front-month Brent is heading for a **3% rise** on the week as tight supply and hopes of stronger Chinese fuel demand outweighed concerns about tepid global economic growth.

Upward pressure:

Brent drew support after the Chinese government decided to boost the growth of 10 of its domestic sectors during the Chinese Communist Party Politburo meeting this week. “China is key for global oil demand growth this year and the market has been getting increasingly concerned over the weaker-than-expected economic recovery, so any support measures will be helpful in easing some of these concerns,” ING's head of commodities research Warren Patterson said. Besides, recent government data from Saudi Arabia showed a 40% decline in its oil exports in May, Reuters reported. Oil investors are now waiting to see if Saudi Arabia and Russia will extend their voluntary production cuts into September.

Downward pressure:

Brent felt some downward pressure after the US Federal Reserve's Open Market Committee (FOMC) raised interest rates by 0.25 percentage points to 5.25-5.50%. Higher interest rates can lead to sluggish economic growth, which can then weigh heavily on consumer activity and put a cap on US and global oil demand.

DISCLAIMER

This article is prepared by, and expresses the opinions of, Integr8 as of the date of writing (the “Materials”). Integr8 may (but does not have to) update or revise the Materials, without notice. The Materials are intended as general information, not to be relied upon or read as business, investment, legal, tax or other advice. The Materials are not addressed to, and do not contemplate, the individual circumstances of any person. Integr8 makes no representation as to the Materials' accuracy, completeness, authenticity or source. Each person must independently evaluate the Materials. Save for this disclaimer, the Materials are not intended to create legal relations, and are not an offer or invitation from Integr8, its affiliate or any other person. In preparing the Materials, Integr8 has acted on its own behalf and not as an agent or representative. To the fullest extent permitted by applicable law, Integr8 shall have no liability in contract, tort (including negligence) or otherwise for any loss or cost whatsoever, whether direct, indirect, incidental, special, punitive or consequential, in any way connected to the Materials. The Materials may not be used, copied, reproduced, disseminated, quoted or referred to in any publication or other document (with or without attribution) without the prior written consent of Integr8.