

# Weekly Market News

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

READ REPORT



## Indonesia VLSFO prices at rare discounts to Singapore

Since Indonesia's state-owned energy firm Pertamina adopted a revised pricing strategy, its VLSFO offer prices in Jakarta and Surabaya have plunged and are now lower than Singapore's VLSFO. These discounts began shrinking after Pertamina revised its pricing strategy in May. The strategy is aimed at reducing its VLSFO prices by almost 30% and make them more competitive with Singapore and other regional ports. Since the adoption of the new strategy, there has been growing interest from ocean-going vessels to bunker in Indonesian ports, a source from Pertamina Patra Niaga told ENGINE. Pertamina said its total bunker sales to ocean-going vessels had doubled from a year earlier in July, and are set to rise also this month.

## Montfort to add VLSFO bunkering in Fujairah

Commodity trading firm Montfort will start supplying VLSFO in Fujairah from 20 August, thereby adding the IMO 2020-compliant fuel to its bunkering product portfolio in the port. Montfort has been supplying HSFO and LSMGO in Fujairah since 2021. It operates three bunker barges in Fujairah with a total supply capacity of 100,000 mt/month. In May, Montfort acquired Uniper's refining and trading unit in the UAE. Through this acquisition, it got control of two crude processing units at a refinery in Fujairah. The refinery can produce about 5 million mt/year of low-sulphur marine fuels. Montfort also supplies bunker fuels in Singapore. In 2022, the company supplied over 955,000 mt of marine fuels worldwide.

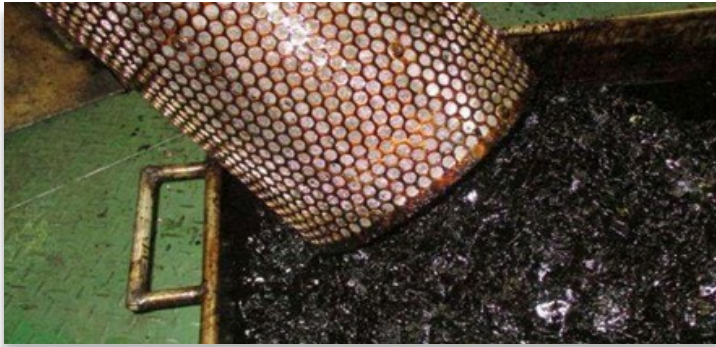
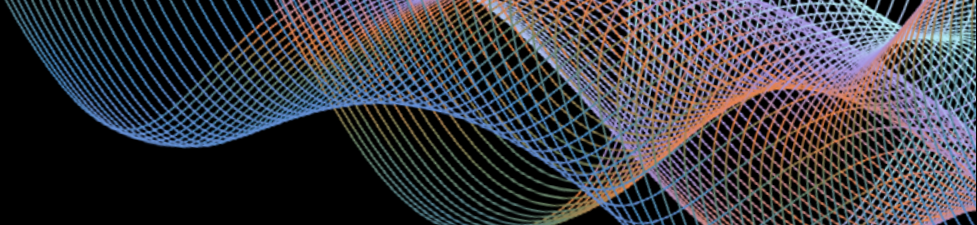
## Helmsman Supply to offer biofuel blends in Hong Kong

Bunker supplier Helmsman Supply is planning to offer biofuel blends in Hong Kong from next month, a company spokesperson told ENGINE. The company will supply biofuel blends in the range of B15-B24, which are made up of 15-24% biofuel components blended with 76-85% VLSFO or gasoil. The biofuel components will be produced from used cooking oil. Stems will be delivered via barges, with a minimum order quantity of 100 mt and a lead time of one week, the spokesperson said. Meanwhile, another bunker supplier Chimbusco Pan Nation (CPN) recently supplied a B24 blend to a vessel in Hong Kong owned by Kawasaki Kisen Kaisha's (K Line). CPN said the blend was composed of 76% VLSFO and 24% biofuel from used cooking oil.

## GCMD uses fuel tracer in third biofuel supply chain trial

The Global Centre for Maritime Decarbonisation (GCMD) has run a third **biofuel supply chain test** as part of its pilot programme to establish a framework for the drop-in marine fuel. The LPG-powered vessel Kaupang was bunkered with about 200 mt of B30 biofuel in the Port of Vlissingen (Flushing) last month. The biofuel blend was made up of 70% marine gas oil (MGO) and 30% hydrotreated vegetable oil (HVO). It was supplied by GoodFuels and used as a pilot fuel on the Kaupang. Unlike in other trials, the blending of this biofuel and MGO was carried onboard a bunker barge, GCMD's chief executive Lynn Loo said. With ship management firm Eastern Pacific Shipping (EPS) as a partner for this project, GCMD deployed an element-based tracer in the HVO to ensure and validate its origination and quantity in the biofuel blend.

"The (fuel) tracer was dosed in line with HVO and blended with MGO onboard the bunker vessel," GCMD said. GCMD had already traced two FAME-based biofuel blends with synthetic DNA through their supply chains, from production to consumption in Singapore.



## MPA investigates two alleged VLSFO contamination incidents

Despite a recent alert, no vessels have reported any engine-related issues from bunkering **contaminated** fuel in Singapore, according to the Maritime and Port Authority of Singapore (MPA). The MPA has reached out to testing firm VPS for information and fuel sample reports from two vessels that VPS claims have faced engine problems after bunkering. The MPA has not seen any fuel sample reports showing high Dicyclopentadiene (DCPD) so far this year.



## MMMCZCS explores impact of energy efficiency regulations

A study conducted by Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping assessed whether the IMO's Energy Efficiency Design Index (EEDI), Energy Efficiency Existing Ships Index (EEXI) and Carbon Intensity Index (CII) regulations will help to reduce emissions and improve energy efficiency. "While the current IMO regulations are well intended, they are **not perfect** and must overcome challenges to reach their full potential for impact," it said.

Bio-bunker sales  
in July

40,000 mt

Bio-bunker sales  
in June

35,000 mt

## Record biofuel and LNG bunker sales in Singapore

Bio-blended bunker sales rose to an all-time monthly high in Singapore last month, according to preliminary figures from the port authority. Almost all of the 40,000 mt of **bio-blended** bunkers sold was VLSFO blended with a bio component – typically 24% biofuel in Singapore. **LNG** sales hit a record, too, with over 18,000 mt sold. **Methanol** made a first appearance in the sales data, with just shy of 300 mt sold. That was the widely-publicised methanol stem that Maersk's feeder vessel picked up. It was supplied by Hong Lam Marine and OCI Hyfuels.

Sales of conventional marine **fuel oils and gasoils** were up by 15% on the month in July, led by a boost in HSFO sales. HSFO sales surged by 20% and were at their highest level since before the International Maritime Organisation's (IMO) global 0.50% sulphur emissions cap came into effect in January 2020. VLSFO and MGO sales rose by 13% and 9%, respectively.

## Weekly Brent Developments

Front-month Brent has run out of steam and is on track for a **2% decline** on the week. Ongoing concerns over China's slower-than-expected economic recovery have put a lid on Brent gains.

### Downward pressure:

"China concerns and a stronger USD ensured some downward pressure not just for oil, but the broader commodities complex," said ING's head of commodities strategy Warren Patterson. The world's biggest oil-importing country has been struggling to revamp its growth engine after detrimental blows from lengthy Covid-19 restrictions.

"China will be forced to deliver more stimulus," said OANDA's senior market analyst Ed Moya said about China's recent pledge to ramp up activity and consumption in 10 economic sectors.

### Upward pressure:

Brent futures have drawn some support from rising tensions in the Black Sea. A Russian warship fired warning shots at a dry cargo ship heading for the Ukrainian port of Izmail on Sunday. Commodity exports from Ukraine and Russia, including crude oil, could be jeopardised and potentially held back if tensions between the countries escalate further.

Crude oil supply cuts pledged by oil giants like Saudi Arabia and Russia have also provided some support to Brent futures in recent weeks.

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