

# Weekly Market News

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## Vopak ramps up renewable diesel storage in LA

Dutch storage terminal operator Vopak said it has received a first cargo of **renewable diesel** to store in recently repurposed tanks in Los Angeles. Last November, the company announced plans to repurpose 22 bunker fuel storage tanks in Los Angeles for sustainable aviation fuel and renewable diesel. A total of 148,000 cbm of marine fuel storage capacity was repurposed. Renewable diesel is mostly consumed by vehicles in Los Angeles and the rest of California, but also by domestic vessels that qualify for rebated biofuels. Vopak also launched biofuel storage facilities in Rotterdam in May. It opened 16 storage tanks for storing waste-based feedstocks like used cooking oil that goes towards biodiesel production at Shell's biorefinery in Rotterdam.

## Bunkering suspended in Gibraltar after oil spill incident

Bunkering has been **suspended** at Gibraltar's Western anchorage since an oil spill incident was reported in the bay on Tuesday, according to port agent MH Bland. The incident was reported at 8.22 local time (6.22 GMT) on Tuesday in the southern part of the Western anchorage when a vessel taking bunkers saw its tanks overflow. The amount of oil that seeped into the water is still unquantified, but a significant progress has been made to clear the oil spill, Gibraltar Port Authority said. MH Bland said in its latest update that bunkering at Gibraltar's Western anchorage could resume on Friday or Saturday. But noted that its update is based on some unconfirmed reports, while an official notification from the port authority is still pending.

## Royal Den Hartogh, OCI supplied methanol blend

Dutch logistics firm Royal Den Hartogh recently partnered with methanol producer OCI HyFuels to bunker a newly constructed vessel with a **methanol blend** in Rotterdam. The vessel's owner is unknown, and it is equipped with "a new engine type designed specifically to run on MD97." MD97 is a blend of 97% methanol and 3% additives, which gives it "diesel like properties," and can be used in methanol-only engines rather than dual-fuel ones, Royal Den Hartogh said. The stem was delivered at berth via trucks. The two companies did not disclose whether the methanol is grey (produced with fossil fuels) or green (produced with renewable energy), which will have implications for its carbon dioxide reduction potential.

## Strong month for methanol-fuelled vessels – DNV

Classification society's DNV latest tally showed that there are now 204 confirmed **methanol-fuelled vessels** in operation and on order, up from 156 in June. A "whopping" 48 methanol-fuelled ships were added to DNV's Alternative Fuels Insight database in July, DNV's principal consultant Martin Christian Wold said in a social media post. This included retrofits, he added. The orderbook of methanol-powered vessels has grown exponentially over the past few months, from nine vessels in April, to 12 in May and 29 in June. In terms of newbuilds on order, the largest share of methanol-fuelled ships are container ships (116), followed by tankers (14) and offshore vessels (7).

Earlier this month, the world's first methanol-fuelled container feeder vessel in operation, owned by Danish shipping major A.P. Moller-Maersk, set sail from South Korea's Ulsan port to the Danish Port of Copenhagen. Apart from methanol, 14 LNG-fuelled vessels were ordered in July. This is significantly fewer than the 26 LNG-fuelled vessels ordered in June.



## Wärtsilä to supply methanol engines for CMA CGM's newbuilds

Finnish engine maker Wärtsilä will supply **methanol-fuelled** auxiliary engines for the French shipping firm CMA CGM's six container ships. The engines will be of six-cylinder and seven-cylinder configurations, that can run on methanol or other conventional marine fuels, Wärtsilä says. The engines are expected to be delivered by the latter half of 2024. The vessels are being built at the Dalian Shipbuilding yard in China, and the first delivery is expected in 2025.



## Deltamarin to design multiple LNG and methanol-fuelled vessels

Finnish ship designer Deltamarin won **10 orders** for alternatively fuelled vessels in the second quarter of this year. Among the 10 confirmed design contracts for pure car and truck carrier (PCTC) ships, eight will be LNG-fuelled and two will be powered by methanol. Deltamarin will design four LNG-fuelled vessels for the Chinese electric car maker BYD Auto. It will also design four LNG-fuelled vessels for the US-based cargo shipping company Sallaum Lines.

### Average Fujairah Fuel Oil Stocks in July

9.36m bbls

### Average Fujairah Fuel Oil Stocks in June

10.34m bbls

## Fujairah's fuel oil stocks slumped 9% in July

Fujairah's fuel oil inventories averaged **9% lower** in July than in June, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows. According to cargo tracker Vortexa, Fujairah imported around 293,000 b/d of fuel oil in July, slightly up from 278,000 b/d imported across June. In the same time frame, the Middle Eastern bunker hub's fuel oil exports increased by a significant 101,000 b/d, to 401,000 b/d in July. This tilted the port's trade balance into a net export surplus in July and contributed to draw stocks. The majority of Fujairah's fuel oil imports came from Iran (33%) in July, followed by Russia (24%) and Iraq (14%). Meanwhile, the bulk of its fuel oil exports departed for Singapore (32%). Saudi Arabia (11%) and Malaysia (7%) were the second and third largest export destinations. Availability of all bunker fuel grades is tight in Fujairah amid good demand. Recommended lead times remain unchanged from last week at 5-7 days in the port.

## Weekly Brent Developments

Front-month Brent is heading for a **1% rise** on the week as a US government credit rating downgrade was outweighed by concerns over tight crude oil supply in the global market.

### Upward pressure:

Brent continued to draw some support from the supply cuts announced by the Saudi Arabia-led oil producer group OPEC+, and from oil output disruptions in Nigeria. Oil and gas company Shell suspended operations at its Forcados oil terminal in Nigeria last month because of a possible leak. OPEC and its allies' total oil output dropped by around 900,000 b/d in July due to production cuts from Saudi Arabia and Nigeria, ING's head of commodities strategy Warren Patterson said.

### Downward pressure:

Ratings agency Fitch downgraded the main US credit rating to 'AA+' from 'AAA'. The 'AAA' rating holds a higher value than 'AA+'. "The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management," Fitch said in its report.

Anticipation of further interest rate hikes by the US Federal Reserve added more downward pressure to Brent futures. Higher interest rates can lead to sluggish economic growth, and hold back US and global oil demand.

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