

# Weekly Market News

Issue No. 180 | 7th-11th August 2023

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

READ REPORT



## Low water levels hold back Panama Canal transits

Low water levels in Gatun Lake have forced the Panama Canal Authority (ACP) to implement a series of operational restrictions in recent weeks. These have led to significant delays in transits through the Panama Canal. Ships that are booked to make port calls in Balboa and Cristobal are facing **waiting times** of up to **17 days**, a source said. There was a backlog of more than 100 vessels near the canal on Wednesday, another source said. Severe drought conditions have pushed water levels in the Gatun Lake to four-year lows in recent weeks. Low water levels and backlogs have triggered the ACP to cut back on the number of booking slots it makes available to larger Panamax vessels to free up more slots for smaller vessels.

## Minerva ramps up physical supply in the Red Sea

Shortly after its entry as a physical supplier in Saudi Arabia's King Abdullah Port, global bunker supplier Minerva announced that it has completed its **first bunker operation** there. Minerva has been ramping up its physical presence around the Red Sea. In May, the company entered the Egyptian market to cater to bunker demand from ships transiting the Suez Canal. It has now expanded its regional presence to Saudi Arabian ports. To support its Saudi operations, Minerva has also expanded its bunker barge fleet to three across Yanbu, Jeddah and King Abdullah Port. King Abdullah Port Authority recently partnered with Minerva and UK-based Western Fuel Supply for Petroleum Products Company to supply bunker fuels in the port.

## Gibraltar HSFO at rare discounts to Rotterdam

Tighter HSFO availability in Rotterdam has contributed to lift the port's benchmark to an unusual premium over Gibraltar's. The northwest European bunker hub's HSFO price has typically been at a discount to Gibraltar's, and sometimes at parity levels over the past month. Its discount recently peaked in mid-July, but it has since been eroded and flipped to a premium. HSFO availability has been **tight in Rotterdam** and the wider ARA hub in recent weeks. A lead time of seven days is recommended to ensure full coverage from suppliers. Several suppliers are hesitant to offer large HSFO stems in Rotterdam, a trader says. Some argue that loading delays at oil terminals have added more pressure on bunker availability.

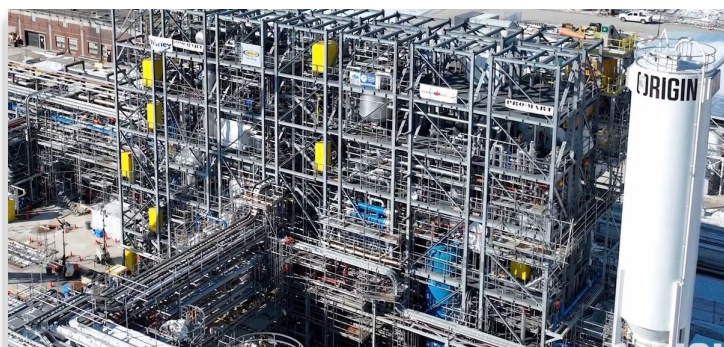
## Contaminated VLSFO found in Houston and Singapore

14 vessels bunkering in Houston and Singapore faced major operational issues such as power and propulsion losses after bunkering **contaminated VLSFO** between March and May, according to marine fuel testing firm VPS said. 12 of these vessels had bunkered the contaminated VLSFO in Houston, while two vessels bunkered in Singapore. The fuels had high levels of dicyclopentadiene (DCPD) isomers, VPS said. The DCPD contents of the fuels ranged between 3,000-7,000 ppm, which makes them more viscous and reduces the manoeuvrability of components such as fuel pump plungers. These vessels also faced fuel leakage from ICUs (injection control units) and fuel pump issues while at sea. Four suppliers had supplied the fuel to these vessels across the two ports. Meanwhile, another 18 vessels that bunkered the same batch of contaminated VLSFO either faced no major issues or were just reluctant to provide any feedback on the damages, the fuel testing firm said. VPS has identified over 61,000 mt of contaminated VLSFO that was supplied to 32 vessels.



## Titan converts LNG carriers for bunkering

Dutch LNG bunker supplier Titan has converted two recently acquired LNG carriers into **bunker delivery vessels**. The two vessels, Titan Unikum and Titan Vision, have a combined cargo capacity of 12,000 cbm. They were bought from Canadian gas firm Seapeak earlier this year. Immediately after the acquisition, Titan announced plans to retrofit them for LNG bunkering. They are expected to be deployed in the Mediterranean and northwest Europe.



## Proman explores biofuel production with Origin Materials

Methanol producer Proman has teamed up with New York-listed tech firm Origin Materials to explore production and global distribution of **biofuels** to meet demand from shipping and other industries. Origin Materials will convert wood residues and agricultural waste into biofuels with chemo-catalytic technology - a process in which biomass is converted into fuel using an organic catalyst. Global distribution of biofuels will be handled by Proman.

Implied US Fuel Oil Demand in August

45,000 b/d

Implied US Fuel Oil Demand in July

277,000 b/d

## US fuel oil supply drops significantly coming into August

US fuel oil supply, or **implied demand**, has averaged **84% lower** at the beginning of August than in July, and has plunged to its lowest weekly level since March, 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. Supply, or implied demand, has come down sharply, from 277,000 b/d across July to just 45,000 b/d so far this month. Total US fuel oil stocks have declined by 33,000 b/d this month despite less fuel oil supplied out. The stocks have declined for a third consecutive month. Inventories in the Gulf Coast region have declined by 2% coming into August, while those on the West Coast and East Coast have grown by 7% and 1%, respectively. Meanwhile, US fuel oil production has increased by 4% this month and averaged 254,000 b/d, up from 244,000 b/d in July.

## Weekly Brent Developments

Front-month Brent is heading for a **1% rise** on the week as declining Chinese crude imports were countered by continuous concerns about tight crude oil supply in the global market.

### Upward pressure:

Brent futures gained upward momentum after the US Energy Information Agency (EIA) said that global oil inventories stand to shrink as demand keeps rising while Saudi Arabia and Russia keep cutting back on production. In its August short-term energy outlook, the EIA has forecast the Brent spot price to average \$83/bbl in 2023 and \$86/bbl in 2024.

Tensions between Russia and Ukraine in the Black Sea region have triggered fears of blocked Russian oil shipments. Ukrainian President Volodymyr Zelenskiy said on Tuesday that Ukraine will show resilience against Russian pressure in the Black Sea region to make sure that its waters are not blockaded, Reuters reported.

### Downward pressure:

China's crude oil imports fell to six-month lows in July. Its total crude oil imports were about 43.69 million mt, with daily imports averaging about 1.40 million mt, market intelligence provider JLC reported, citing data released by China's General Administration of Customs (GACC). JLC said the drop showed a "slower-than-expected fuel demand recovery".

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