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# Weekly Market News

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Check out our latest article: With refinery throughput near record highs, why are margins and bunker prices so high?

READ REPORT

## Bunker One and Chevron partner on biofuel supply

Bunker supplier Bunker One will supply **biofuel blends** produced by Chevron Renewable Energy Group to ships off Skaw, in Gothenburg and in all major German ports. Chevron will produce the biofuel, which will be certified by the International Sustainability and Carbon Certification system, meaning it will meet certain sustainability specifications like not being food crop-based. Bunker One has been offering waste- and residue-based B30 biofuel-oil blends to ships off Skaw and in Gothenburg since May 2021. Last year, Bunker One's parent company, Bunker Holding, and Chevron agreed to develop a biofuel supply network in North American and European markets and to trial B20 and B30 blends in high-traffic shipping areas.

## Special auctions for some ships halted in Panama Canal

The Panama Canal Authority (ACP) has suspended two special auctions for Panamax and Neopanamax vessels until 30 September. The value of auctioned slots to transit the **congested Panama Canal** has surged due to low water levels. In August, one vessel paid $2.4 million for a transit slot. However, the ACP has said in a notice that booking slots that became available due to cancellations or other reasons during "Booking Period 3" for these vessels will continue to be offered through extraordinary auctions. Last week, the ACP revoked Booking Condition 3 for its Panamax locks, reinstating "Booking Condition 1A". Under Condition 1A, third booking slots will be offered again, which would reduce the ACP's capacity to adjust non-booked vessels.

## Pooling allows more flexible FuelEU Maritime strategies

Pooling may be an important tool for shipping companies when the EU's FuelEU Maritime regulation comes into full effect from 2025. “The most savvy shipowners and operators will definitely look into these rules now and prepare for what is to come,” said Knut Hausken Magnussen, a senior lawyer at Norwegian law firm Wikborg Rein.

Magnussen argued that the pooling arrangement is advantageous since it creates incentives to invest in more energy-efficient vessels. Companies which have vessels with low GHG intensity in the energy used on board could potentially also seek to obtain payments or other commercial benefits as a condition for including their vessels in a specific pool.

## Dutch government could slash biofuel subsidies

The Dutch government has launched a consultation which could **halve its subsidies** for marine **biofuel sales**. These subsidies have ensured that the price premiums of waste- and residue-based fatty acid methyl ester (FAME) biofuel blends over their fully conventional alternatives have been kept in check in Rotterdam and other Dutch ports. When you blend 20% or 30% used cooking oil methyl ester (UCOME) biofuel into VLSFO, those UCOME components are subsidised by around $140/mt or $210/mt, respectively, on a barge basis in Rotterdam.

The Dutch government now proposes to halve its subsidy multiplier from 0.8 to 0.4. This would make Rotterdam's B30-VLSFO (30% biofuel with 70% VLSFO) grade about $105/mt more expensive with current prices. Biofuel supply to the road fuels market has suffered as a result of marine biofuel subsidies and fuel quality differences between road and marine, said Jaap Steensma, general press officer at the Dutch Ministry of Infrastructure and Water Management. As a result biofuel supply has been pulled away from the road fuels market towards bunkering.

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## Rapid policy actions can de-risk green corridors – GMF

"The success of **green shipping corridors** hinges on focused, timely, and transformative policy action by national governments," a new report from Global Maritime Forum said. The report argued that government intervention is necessary to facilitate private investments in green shipping corridors. Government subsidies for fuels, vessels, research and development funding would be effective to reduce the extra costs of low- and zero-emission marine fuels.


## Major retailers launch tender for zero-emission container shipping

The Zero Emission Buyers' Alliance (ZEMBA) has invited container liners to bid to transport containers on vessels powered by **zero-emission fuels**. ZEMBA, whose members include the major American retailers Amazon and Patagonia, has sought bids to transport 600,000 TEUs over a three-year period starting from 2025. Bids are invited from entities that can achieve a 90% cut in GHG emissions compared to traditional fossil fuels on a lifecycle basis.

Average fuel oil stocks in September

8.85m bbls

Average fuel oil stocks in August

9.14m bbls

## Fujairah's fuel oil stocks drawn 3% this month

Fujairah's residual fuel oil inventories have averaged **3% lower** in the first two weeks of September than across August, going by the data from the Fujairah Oil Industry Zone (FOIZ) and S&P Global. According to cargo tracker Vortexa, Fujairah has imported 252,000 b/d of fuel oil so far this month, declining significantly from 381,000 b/d in August. Fuel oil imports from Iran (28%), Russia and Kuwait (23% each) have dominated Fujairah's total imports so far this month. The port's fuel oil exports have fallen marginally, from 486,000 b/d in August to 472,000 b/d so far this month. The bulk of the fuel oil exports from Fujairah have headed for Singapore (42%), followed by the US (10%) and South Korea (8%).

Prompt availability of all bunker fuel grades remains tight in Fujairah amid good demand. Several suppliers are recommending unchanged lead times of 5-7 days, but some can still offer all grades for prompt delivery dates depending on stem sizes, a source said.

## Weekly Brent developments

Front-month Brent is heading for a **3% rise** on the week amid continuous concerns about tight crude oil supply in the global market. The chance of more interest rate hikes by the US Federal Reserve (Fed) has contributed to limit its upside.

**Upward pressure:**

Saudi Arabia and Russia's decisions to extend supply cuts through to the end of the year have helped Brent futures to gain this week. "As long as OPEC+ is committed to export and production curtailments, oil prices will remain firm during the current levels of record demand," said SPI Asset Management's managing partner Stephen Innes.

OPEC has projected global total world oil demand to average 102.1 million b/d this year, and then increase to average 104.3 million b/d in 2024.

**Downward pressure:**

US inflation data for August has exceeded market projections. A higher-than-expected inflation reading has triggered concerns about yet another interest rate hike by the US Fed. The latest Consumer Price Index report ushered in renewed uncertainty about the Fed's interest rate hike decision, "especially with OPEC+ leaders possibly targeting Brent prices very much at the upper end of or slightly above, the $80-100/bbl range," SPI Asset Management's Innes said.