Integr8 Fuels

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

Algoa Bay bunkering limited as authority detains barges

Bunkering has been restricted in Algoa Bay after the South African Revenue Service (SARS) recently detained five barges over **import duty disputes**. SARS has demanded offshore bunkering firms to pay excise duties for marine fuels imported into South Africa, sources said. Bunker suppliers operating offshore have resisted SARS' demands by arguing that no import duties should be levied as the fuel is transferred via ship-to-ship operations without onshore involvement. This disagreement has raised concerns about a potential shutdown of offshore bunkering in the bay. One major supplier there has had its barges detained, while another company's barges are operating but with limited product capacity, a source claimed.

Offer validities drop for LSMGO in the ARA

The front-month ICE Low Sulphur Gasoil contract surged by nearly $40/mt intraday on Thursday after Russia announced a **temporary ban** on diesel and gasoil exports. The Russian government has implemented temporary restrictions on exports of gasoil and diesel in an effort to stabilise the supply in the domestic market, reported Russian state media agency TASS.

The decision has been taken to control rising domestic gasoline and diesel prices, which touched record high levels in recent months. Due to a volatile ICE Gasoil price, offer validities for LSMGO have come down to a few minutes in the ARA hub, a source said. Some bunker buyers are holding back on orders as they anticipate a price correction, another source said.

Rotterdam, Singapore pledge to cut shipping emissions

The Port of Rotterdam Authority, the Maritime and Port Authority of Singapore and 20 green corridor partners have vowed to help reduce global shipping emissions by **20% to 30%** by 2030, compared to 2022 levels. The Port of Rotterdam said the corridor project between the two ports will help to achieve the IMO's revised GHG emission reduction goals by using zero or near-zero emission fuels “like synthetic and bio-variants of methanol, ammonia..." They target uptake from large container ships on the 15,000 km route, which was conceptualised a year ago. Members of the corridor project are aggregating demand and supply to minimise the cost gap between conventional and alternative fuels, Rotterdam's port authority said.

Distillate crunch triggers European LSMGO price surge

Prices for fuel oil grades in Rotterdam have rallied on strengthening Brent values in recent weeks, while LSMGO has shot up even further amid signs of a **tightening global distillates market**. Rotterdam’s LSMGO price has risen to its highest level since November 2022. The global crude oil and refined products complex has been strengthened after Saudi Arabia and Russia, two of the world's biggest crude oil exporters, announced that they will extend a combined 1.3 million b/d supply cut to the end of this year. This has exacerbated worries that the global oil market will be in a supply deficit over the winter. Saudi and Russian supply cuts also come on top of existing production cuts from the broader OPEC+ group, which the two countries are influential members of. These cuts have impacted the distillate fuels market, as OPEC+ is the predominant supplier of the medium and heavy crude oil grades that are most desirable for distillates refining. There is also a shortage of refinery capacity in Europe and North America to turn enough crude into diesel and other middle distillates.

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Europe’s shipping emissions higher than previously thought

A new Transport & Environment (T&E) study has found that ships visiting European ports emitted **135.5 million mt** of CO2 in 2022, up from 130 million mt reported in July. The revision comes as many ship operators “failed to provide their emissions data on time, meaning Europe’s total shipping emissions are now much higher than previously reported,” T&E said. The updated data still showed cargo and container ships as the largest emitters.

CMA CGM, Maersk collaborate to reduce shipping emissions

Two of the world's biggest container shipping companies, CMA CGM and Maersk, will work together to **reduce emissions** from shipping by supporting consumption of methanol, and research other potential low-emission fuels. Maersk has recently established a new company, C2X, to produce **green methanol**. Together with CMA CGM it aims to develop standards for operating green methanol vessels and make ports ready to bunker ships with methanol.

Bio-bunker sales in August

52,500mt

Bio-bunker sales in July

40,000mt

Singapore biofuel bunker sales soared 32% in August

Singapore sold nearly 1,700 mt/day of bio-bunkers in August, up from 1,300 mt/day in July, according to preliminary figures from the port authority. All of the 52,500 mt of **bio-blended bunkers** sold was VLSFO blended with a bio component – typically 24% in Singapore. Total biofuel bunker sales across the first eight months of this year stood at 285,000 mt, almost twice as much as Singapore sold through all of last year. LNG sales declined by 15% in August after hitting a record high in July. About 500 mt/day of LNG was sold in August, down from 590 mt/day in July. No methanol sales were recorded in August.

Meanwhile, total sale of conventional marine fuels decreased by 6% on the month in August to 4.19 million mt, mainly because less HSFO and VLSFO was sold. MGO sales led the decline with a 9% drop on the month in August, while VLSFO and HSFO sales fell by 6% each.

Weekly Brent developments

Front-month Brent is on track for a **2% fall** on the week as concerns about tight global oil supply were offset by potential interest rate hikes by the US Federal Reserve (Fed).

Downward pressure:

The US Fed kept its interest rates unchanged during the Federal Open Market Committee meeting this week. However, the Fed’s move “was still seen as a hawkish pause, which put some pressure on risk assets,” such as crude oil, said ING’s head of commodities strategy Warren Patterson. The recent surge in Brent values, which topped the $95/bbl mark on Tuesday, is expected to boost inflation, which could prompt the Fed to raise interest rates.

Upward pressure:

Saudi Arabia and Russia’s decision to extend oil output cuts to the end of 2023 has raised concerns about a supply crunch in the global market. Oil stocks in Europe, the US and Japan have been in “substantial decline,” commented SPI Asset Management’s managing partner Stephen Innes. “This sharp downturn results from a combination of remarkably resilient global demand and substantial production cuts enforced by the OPEC+ alliance, contributing to the current bullish dynamic in oil markets,” Innes said. The US Energy Information Administration reported a 2.14 million-bbl drop in US crude stocks in the week that ended 15 September.