

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



Some Florida ports reopen as Idalia passes

Port operations and bunkering have resumed in **four Floridian ports** after Hurricane Idalia weakened to a tropical storm and started moving from Florida to southeastern Georgia and South Carolina. Bunkering and other port operations had previously been suspended in the four ports: Port Canaveral, Jacksonville, Port Palm Beach and Port Panama City. However, several other ports, including the Port of Tampa, SeaPort Manatee and Port St. Pete remained under “port condition Zulu” set by the US Coast Guard. All operations were suspended in these ports as of Thursday. Tropical Storm Idalia made landfall in Florida on Thursday morning and led to severe flooding and power outages.

EPS tanker completes first LNG bunkering in the US

Eastern Pacific Shipping’s (EPS) tanker has been bunkered with **LNG** this week in the Galveston Offshore Lightering Area (GOLA) off the US Gulf Coast. Singapore-based EPS’ LNG dual-fuel tanker Starway was fuelled with 3,300 cbm (approximately 1,353 mt) of LNG by the Shell-chartered bunkering vessel Avenir Achievement. Last month, oil and gas major Shell deployed its third LNG bunker delivery barge to cater to LNG-fuelled vessels in the Americas. The move will increase “Shell LNG’s availability across key bunkering locations worldwide,” Shell Trading’s global head of downstream LNG Tahir Faruqi said then. Shell’s global LNG bunkering fleet consists of 12 vessels, which is a quarter of the total global fleet.

More distillates in VLSFO with gasoil in backwardation

With gasoil in steep backwardation in the ARA and few incentives to store the product over time, more of this distillate fuel has found its way into the **VLSFO blending** pool. ICE Gasoil is in steep backwardation, with \$13/mt between the front- and second-month contracts. Its second-to-third month spread was even wider at nearly \$32/mt on Wednesday. A backwardated forward structure is usually a sign of fewer incentives to store products. This has spurred some refineries in the ARA to divert more distillates to VLSFO blending, a trader claims. However, prompt VLSFO availability has tightened a bit in the ARA hub. Lead times for the grade have gone up from last week’s four days, to 4-7 days now.

Singapore to build harbour craft charging points

The Maritime and Port Authority of Singapore (MPA) has invited companies to commission, install, operate and maintain electric harbour craft **charging stations** at five waterfront locations around the port. The MPA has asked interested companies to conduct pilot trials for charging points in Jurong Port, Marina South Pier, Pasir Panjang Ferry Terminal, PSA Marine - West Coast Base and Sebarok Terminal between 2024 and 2025. This follows an expression of interest issued last month to develop charging stations, the MPA’s chief executive Teo Eng Dih said. Harbour craft vessels such as tugboats, pilot boats and ferries are used for short-distance transportation of goods and passengers, usually within harbours and ports.

The MPA teamed up with oil major Shell in April, to develop low- and zero-carbon fuels and charging infrastructure for electric ferries in Singapore. Eng Dih had said the partnership with Shell would help Singapore to achieve its 2030 goal of having “all new harbour craft to be fully electric, be capable of using 100% biofuels or be compatible with net zero fuels”.



Biokraft starts bio-LNG production at biogas plant in Sweden

Stockholm-based biogas producer Biokraft has delivered a first batch of **bio-LNG** from the new biomethane liquefaction unit at its biogas plant in Södertörn, Sweden. The unit can produce 50 mt/day of bio-LNG, which Biokraft claims to be “100 percent fossil-free” as it is produced from organic waste collected from the Greater Stockholm areas. The company seeks to cater to burgeoning bio-LNG demand from various sectors, including shipping.



Norway to support hydrogen- and ammonia-powered vessels

Norwegian government enterprise Enova will launch two new programmes in the fourth quarter to offer investment support to **hydrogen- and ammonia-powered vessels**. It has already supported the development of 16 large vessels designed to run on hydrogen and ammonia as fuels over the past three years. There will be a programme for each of hydrogen and ammonia “to stimulate the demand side” and “get more vessels on the sea in the shorter term.”

Average fuel oil stocks in August

9.14m bbls

Average fuel oil stocks in July

9.36m bbls

Fujairah’s fuel oil inventories drawn in August

Fujairah’s residual fuel inventories averaged **2% lower** in August than in July, data from the Fujairah Oil Industry Zone (FOIZ) and S&P Global shows. According to cargo tracker Vortexa, Fujairah imported 381,000 b/d of fuel oil in August, which was significantly more than the 293,000 b/d imported in July. Around 32% of fuel oil imports arrived from Russia, followed by Iraq (19%) and Iran (15%). In the same time period, the port’s fuel oil exports increased by 85,000 b/d to 486,000 b/d. The majority of fuel oil exports from the Middle Eastern bunker hub departed for Singapore (45%), followed by Malaysia (16%) and Thailand (8%). Prompt availability of all bunker fuel grades remains “super tight” amid good demand in Fujairah’s bunker market, a source says. Most suppliers are recommending lead times of 5-7 days across all grades – almost unchanged from last week. However, some suppliers can offer prompt dates depending on stem sizes.

Weekly Brent developments

Front-month Brent is heading for a **2% rise** on the week as concerns over an uncertain Chinese economic outlook were outweighed by a massive drop in US crude stocks.

Upward pressure:

Commercial US crude inventories plunged 10.58 million bbls lower in the week that ended 25 August, according to the US Energy Information Administration. At 422.92 million bbls, the stocks hit their lowest levels since December last year.

Energy-focused investment research firm HFI Research projects that oil prices will rise in the near future. “The oil market deficit is here. Storage draws over the coming weeks will be profoundly eye-opening,” HFI Research said in a note.

Downward pressure:

Meanwhile, concerns about China’s economy and potential increases in crude output from Iran, Iraq and Venezuela could limit gains in Brent futures. Iran is expected to increase its oil output to around 3.4 million b/d by the end of the summer. This will bring Iran’s oil production near pre-sanction levels of 3.8 million b/d, said ING’s head of commodities strategy Warren Patterson. “This comes against the backdrop of apparently greater willingness between the US and Iran to improve diplomacy,” Patterson added.

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