

# Weekly Market News

20th-24th November 2023

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A look at the  
fundamentals  
and analysts'  
views on bunker  
fuel prices for  
next year

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REPORT



## China's bonded bunker fuel sales drop in Jan-Oct – JLC

Chinese suppliers sold 16.07 million mt of **bonded bunker fuel** in the first 10 months of this year, **down 4%** from the same period last year, market intelligence provider JLC reported. JLC attributed the decline to a sluggish global economic recovery and insufficient barging capacity in some Chinese ports. Domestic bunker suppliers sold 12.59 million mt of bonded bunker fuel during January-October, accounting for 78% of total sales. Regional suppliers sold 3.48 million mt, or 22% of the total. There are 33 licensed bonded bunker suppliers in China, of which five are national license holders and 28 are regional license holders.

## Chimbusco Pan Nation delivers biofuel in Hong Kong

Hong Kong-based marine fuel supplier Chimbusco Pan Nation (CPN) supplied a 2,000 mt **B24 stem**. CPN is certified by the International Sustainability & Carbon Certification (ISCC) system and the 24% biofuel component was a waste-based used cooking oil methyl ester (UCOME). The remaining 76% was conventional oil-based bunker fuel. The stem was delivered to the GSL Kithira container ship operated by Maersk. CPN's latest biofuel stem delivery in Hong Kong has set "a new standard in the region's commitment for environmental sustainability," CPN said. This stem follows a 700 mt B24 stem delivered to a vessel operated by Japanese shipping company Kawasaki Kisen Kaisha's (K Line) in Hong Kong in August.

## Titan delivers LNG stem in Hamburg

Dutch LNG bunker supplier Titan delivered a 1,244-cbm **LNG stem** to one of AIDA Cruises' cruise ships in the Port of Hamburg. The bunker operation was carried out by Titan's LNG bunker tanker Green Zeebrugge by the Steinwerder Cruise terminal in Hamburg. The company also completed two ship-to-ship (STS) LNG bunker operations in Hamburg in August. In the same month, it converted two of its LNG carriers into bunker delivery vessels. The two vessels, Titan Unikum and Titan Vision, have a combined cargo capacity of 12,000 cbm and are expected to be deployed in the Mediterranean and northwest Europe. It has also relocated one of its LNG bunker barges to Zeebrugge to deliver small LNG stems there.

## E-methanol plant to be developed in Brazil

Denmark-based European Energy and Brazilian oil and gas major Petrobras will explore the possibility of building an **e-methanol production plant** in Brazil. "This potential collaborative venture represents a significant stride towards the development of green e-fuels in Brazil," European Energy said. E-methanol, or synthetic methanol, is produced using 100% biogenic CO<sub>2</sub> and green hydrogen. The company is also building a large-scale commercial e-methanol plant in Denmark, which is expected to produce 32,000 mt/year of e-methanol from 2024. Technical knowledge from this facility will be applied to the upcoming plant in Brazil. The companies have not confirmed whether the methanol that will be produced at the Brazilian facility will go towards bunkering. However, earlier this year, European Energy signed two separate agreements with shipping giants A.P. Moller-Maersk and Hyundai Merchant Marine to supply e-methanol as a marine fuel from its Danish facility.



## MMMCZCS, Chile zero in on Magallanes for new green corridor

Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping (MMMCZCS) and the Chilean government will explore opportunities to develop Magallanes as a bunker location for **clean marine fuels**. The move follows an agreement signed in October to explore green corridor opportunities in Chile. Magallanes has abundant wind resources, making it an ideal location "for the supply of clean, zero-emissions maritime fuels," MMCZCS said.



## Maersk secures green methanol supply from China's Goldwind

A.P. Moller-Maersk will procure 500,000 mt/year of **green methanol** from Chinese methanol producer Goldwind from 2026 to power its upcoming fleet of 12 methanol-powered container ships. Eight of the 12 ships are scheduled for delivery in 2024, and the remaining four in 2025. The deal includes supply of both bio- and e-methanol. Goldwind will use wind energy to produce green methanol at its Hinggan League facility in northeast China from 2026.

### Implied US Fuel Oil Demand in November

259,000 b/d

### Implied US Fuel Oil Demand in October

272,000 b/d

## US fuel oil production rises to highest level since April

US fuel oil production has averaged **12% higher** this month than in October, and is at its highest monthly level since April this year, data from the Energy Information Administration (EIA) shows. Gulf Coast refineries have produced an average of 108,000 b/d of fuel oil so far this month, up 22% from October. East Coast refineries have produced 15% more fuel oil and West Coast refineries have produced 4% more so far this month.

Overall US refinery utilisation has averaged 86% so far this month, unchanged from October. Despite a rise in production, much less fuel oil has been supplied out of storage to outlets like bunker fuel blenders and bulk terminals, refinery coking units for upgrades to other higher-value products, or power generation. Supply, or **implied demand**, has gone **down by 5%** from 272,000 b/d in October to 259,000 b/d this month.

Fuel oil inventories in the US have increased slightly this month compared to October. West Coast storage providers have seen the greatest build, with a 13% increase.

## Weekly Brent developments

Front-month Brent has shed some gains from the start of this week and held **broadly steady** on the week as a whole. Sentiment was dampened after OPEC+ rescheduled its joint ministerial meeting from 25-26 November to 30 November.

### Downward pressure:

OPEC+'s meeting has allegedly been postponed because of an impasse between Saudi Arabia and other producers over production targets. OPEC+'s differences over 2024 output policy are expected to impact Brent's price in the near future.

Concerns over potential oversupply in the global market have also kept Brent's rise in check. OPEC member UAE is set to boost its output by 135,000 b/d to 3.075 million b/d in 2024, ANZ senior commodity strategist Daniel Hynes said. Iran plans to increase its output to reach 3.6 million b/d by March next year, state media agency IRNA reported.

### Upward pressure:

Meanwhile, Brent remains supported by declining global oil stocks. "Modest upward oil price pressures in the coming months reflect a slight decline in global oil inventories in the first half of 2024," the Energy Information Administration said in its monthly oil report. Goldman Sachs forecasts supply constraints to push Brent up to \$92/bbl in the six months.

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