

Weekly Market News

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Check out our latest article: Geopolitics have a huge bearing on our market, but something else is happening in HSFO pricing

READ REPORT



China's bonded bunker imports surged in September

China boosted its **bonded VLSFO imports** in September to about 390,000 mt, **up 27%** from August, market intelligence provider JLC estimated. This comes after the country lowered its domestic VLSFO production rapidly. China produced 1.17 million mt of VLSFO in September, with daily outputs at 39,000 mt, a drop of 5% from August.

"Domestic refineries slowed down their VLSFO production amid bad margins, leading refiners to import more bonded low-sulphur bunker fuel to meet demand," JLC said. Some increased their bonded VLSFO imports as "more unit maintenance and export quota tightness triggered fears of a further decline in VLSFO output in the fourth quarter," it added.

Stena Oil delivers first biofuel stem off Gothenburg

Nordic bunker supplier Stena Oil bunkered Swedish ship operator Dalaro Shipping's cargo ship with a B25 biofuel blend off Gothenburg. The delivered biofuel stem was a blend of 25% **rapeseed methyl ester (RME)** and 75% marine gasoil. "The RME used for this operation was a first-generation feedstock," Jenny Eriksson, bunker trader at Stena Oil told ENGINE. Although first-generation biofuels can be unsustainable if they are made from food crops, Stena Oil has been certified by the International Sustainability & Carbon Certification (ISCC) scheme, which considers rapeseed as an eligible raw material. Eriksson confirmed that Stena Oil can also supply second-generation biofuels and anticipates "steady growth in the biofuels market."

Panama Canal to reduce daily transits due to drought

Booking slots to transit the Panama Canal, one of the world's busiest maritime trade routes, will be reduced from 32 to 25 between 3-6 November, and to 24 from 7-30 November, the Panama Canal Authority (ACP) said. The limit has been 32 daily vessel transits since July, but has now been further reduced due to worsening drought conditions in the area, ACP said.

The region is experiencing record-low rainfall, resulting in unprecedented low water levels in Gatun Lake. The 430 square-kilometre Gatun Lake area form a large part of the Panama Canal. This has been the second driest year on record for Panama, with precipitation levels in October at their lowest since at least 1950, the ACP added.

Scotland plans to tax cruise ship emissions

One of Scotland's national political parties, the Scottish Greens, is backing an **emissions tax on cruise ships** visiting Scottish ports. "A new levy on cruise ships visiting Scotland is to be developed by the Scottish Government in partnership with local authorities to tackle the twin challenges of slashing the amount of harmful emissions being released and impact of thousands of tourists on port communities," the Scottish Greens said. "We will work with our partners in local government to empower councils to charge visiting cruise ships a levy," Scotland's minister for the circular economy and co-leader of the Scottish Greens, Lorna Slater said. An emissions tax could speed up the deployment of **zero-emission vessels** and attract investments, Slater asserted.

Scottish port operator Forth Ports said around 126 cruise calls were made during last year's tourist season, when pandemic-driven global lockdowns had ended. Forth Ports operates seven ports in Scotland, including Leith-Edinburgh and Rosyth, which are popular cruise ports.



Japanese firms to study hydrogen and ammonia supply chain

Japanese shipping firm Mitsui, the Fukui prefectural government and Hokuriku Electric Power Company are jointly conducting a study to develop a **hydrogen and ammonia supply chain** in Tsuruga port using a floating storage and regasification unit (FSRU). The study will focus on introducing an ammonia FSRU and using ammonia supplied through FSRU operations. It will also explore using hydrogen to generate power for cargo handling equipment.



Stamford Shipping, Green Marine to build methanol dual-fuel vessels

Singapore-based dry bulk and tanker firm Stamford Shipping and Danish maritime firm Green Marine have formed a joint venture (JV) to develop **methanol dual-fuel vessels**. The JV, which has been set up in Singapore, intends to build and manage methanol dual-fuel vessels, for different shipping segments. Green Marine believes technologies to use methanol as fuel are available now and can help reduce CO2 and NOx emissions.

Implied US Fuel Oil Demand in October

272,000 b/d

Implied US Fuel Oil Demand in September

212,000 b/d

US fuel oil supply surged in October

Monthly US fuel oil supply surged to average **28% higher** in October than across September, data from the Energy Information Administration (EIA) shows. More fuel oil was supplied from US storage tanks to outlets like bunker fuel blenders and bulk terminals, refinery coking units for upgrades to higher-value products, or to power generation last month. Supply, or implied demand, grew from an average of 212,000 b/d across September to 272,000 b/d in October - the highest level since last February.

Despite an increase in implied demand, total fuel oil production in the US was 7% lower on average in October. Specifically, refineries located on the Gulf Coast and East Coast produced 28% and 7% less fuel oil, respectively. However, West Coast refineries produced 21% more fuel oil in October.

Overall US refinery utilisation averaged 86% in October, down from 91% in September and 94% in August. Fuel oil stocks in the US were drawn by 3% in October from September.

Weekly Brent developments

Front-month Brent is heading for a **4% fall** on the week as China's economy showed signs of weakening and US crude stocks grew.

Downward pressure:

Commercial US crude inventories grew by 773,000 bbls on the week, to 421.89 million bbls on 27 October, according to the US Energy Information Administration (EIA).

China's underwhelming purchasing managers' index (PMI) figures in October sparked concerns about a lack of economic activity in the world's second-largest crude oil-consuming country. "Disappointing manufacturing activity in China and US consumer confidence dropping to a five-month low in October raised worries about the prospects for fuel consumption," said SPI Asset Management's managing partner Stephen Innes.

Upward pressure:

Brent futures remained supported amid escalating tensions in the Middle East. The war between Israel and Hamas took a new turn this week after the Yemen-based militant group Houthi joined the conflict to back Palestine.

Oil prices gained more support after the US Federal Reserve decided to keep interest rates unchanged at its Federal Open Market Committee meeting that concluded on Wednesday.

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