

# Weekly Market News

27th November-1st December 2023

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

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REPORT



## Kenoil Marine supplies bio-LSMGO stem in Singapore

Bunker fuel supplier Kenoil Marine loaded **200 mt of bio-blended LSMGO** on its bunker tanker Kosmos Lily in Singapore this week. The B24 biofuel blend, made up of 24% biofuel component and 76% LSMGO, was sourced from Singapore-based biofuel producer Alpha Biofuels, according to Jurong Port. The delivery details and the ship it plans to supply were unknown, but this could be the first-ever bunkering of bio-LSMGO in Singapore, Jurong Port stated. Singapore sold about 79,000 mt of bio-blended bunkers in October. Almost all the bio-blended bunkers sold in the port was VLSFO blended with a bio component – typically B24.

## French port targets green hydrogen shipping demand

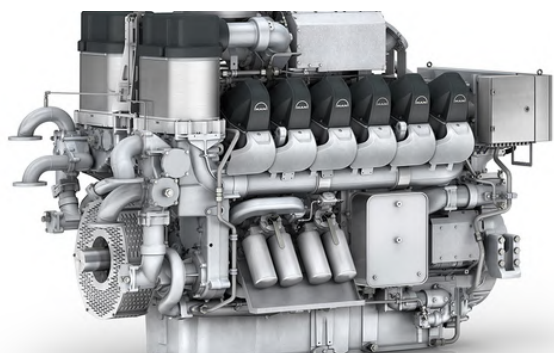
The port of Nantes-Saint Nazaire in western France will develop a **green hydrogen** production and distribution site at Montoir de Bretagne. Renewable hydrogen producer Lhyfe has been selected to construct the facility, which will have an electrolysis capacity of 210 megawatts (MW) and produce 85 mt/day of green hydrogen. The facility is expected to start operations by 2028. The project aims to cater to future green hydrogen demand from shipping and help in decarbonising the port complex. According to classification society DNV, green hydrogen could play a crucial role in the maritime industry's journey towards decarbonisation. It "could be widely available across the globe in the future – as a marine fuel," DNV said.

## Panama Canal Authority launches special auction slot

The Panama Canal Authority (ACP) has introduced a **special auction slot** for vessels that have been waiting for a long period to pass through the waterway. The temporary measure allows ships to skip the long queue by paying a one-time fee. The initiative benefits both regular and Panamax vessels that have been in the transit queue for at least 10 days, the ACP said. The number of vessels waiting without reservations has increased to 68, from around 60 at the beginning of the month. Last month, ACP reduced the daily ship transits from 32 to 24 as a measure to combat **low water levels** in Gatun Lake, which forms a large part of the Panama Canal. The first special auction was held last Saturday, with the initial bid starting at \$55,000.

## Dutch government cuts marine biofuel rebate multiplier

The Dutch government has accepted a proposal to halve its rebate multiplier for **marine biofuel sales** from 0.8 to 0.4, GoodFuels said. The multiplier forms part of a market mechanism to boost sales of renewables and cut emissions. Bunker suppliers can obtain tradeable renewable energy units (HBEs) by selling renewable energy such as biofuel to ships. 1 gigajoule (GJ) of energy equals 1 HBE. A multiplier reduction was adopted to "rebalance" renewable fuel supply from marine to road transport, GoodFuels said, citing the Dutch Ministry of Infrastructure and Water Management. "Quality requirements for renewable fuels for the maritime sector are lower (so can be made from cheaper raw materials) and are therefore cheaper... this means that [they are] making the maritime shipping sector more sustainable at the expense of the road traffic sector," GoodFuels quoted the ministry. However, this move can reduce Dutch marine biofuels' price advantages to Singapore, Fujairah and Houston.



## MAN ES to launch new dual-fuel methanol engine in 2026

MAN Energy Solutions (MAN ES) will launch a dual-fuel version of its existing four-stroke engine by 2026 that will operate on **methanol**. Besides methanol, the engine will be designed for “diesel-mechanical and diesel-electric propulsion”, MAN ES said. It will undergo field combustion tests in 2026, and will be available both as a new engine and as a retrofit by the end of 2026. The four-stroke engine is suited for tugs, ferries and yachts, according to MAN ES.



## Azane and Amogy to develop ammonia bunker vessel

Norwegian ammonia firm Azane Fuel Solutions has partnered with US-based startup Amogy to assess the viability of utilising Amogy’s **ammonia propulsion** onboard a bunker vessel. Azane has designed an ammonia bunker delivery vessel concept with a system for handling ammonia cargo. The company is now striving to equip the vessel with Amogy’s ammonia propulsion system, allowing it to run on ammonia as well, Azane said in an emailed statement.

### Average fuel oil stocks in November

10.44m bbls

### Average fuel oil stocks in October

10.65m bbls

## Fujairah’s fuel oil inventories drop 2% in November

Fujairah’s fuel oil stocks have averaged **2% lower** in November than across October, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows. Despite the decline, the port’s fuel oil stocks have remained above 10 million bbls for the second consecutive month, and about 1 million bbls higher than the low levels of 9 million bbls seen in August. According to cargo tracker Vortexa, Fujairah imported 270,000 b/d of fuel oil in November, slightly up from 262,000 b/d imported in October. Iraq has been Fujairah’s biggest fuel oil import source for the second consecutive month, accounting for 43% of the port’s total fuel oil imports in November. Russia (26%) and Iran (8%) have been the port’s second and third biggest fuel oil import sources. In the same time frame, the UAE port’s fuel oil exports have declined significantly, from 360,000 b/d in October to 229,000 b/d in November.

Bunker fuel availability remains tight across all grades in Fujairah. Lead times of around 7-10 days are recommended for all fuel grades.

## Weekly Brent developments

Front-month Brent trading at a similar level as its settlement last week as the oil market has shifted focus from weak demand indicators to the outcome of the OPEC+ meeting. The group announced continuous output cuts into 2024 at its joint ministerial meeting on Thursday.

### Upward pressure:

“All eyes are on OPEC+,” said two analysts from ING Bank. “The group will want to avoid disappointing the market given high expectations,” they added. OPEC+ committed to 2.2 million b/d of supply cuts into next year, including Saudi Arabia’s 1 million b/d roll-over.

A short-term supply disruption caused by a sudden storm in the Black Sea has also supported Brent futures this week.

### Downward pressure:

Meanwhile, a surprise build in US crude stocks kept a lid on Brent’s price rise this week. Commercial US crude inventories grew by 1.61 million bbls to 449.66 million bbls in the week ended 24 November, according to the US Energy Information Administration (EIA). US crude stocks have increased despite its net exports of crude and oil products hitting an all-time high of 4.45 million b/d last week, ING Bank’s head of commodities strategy Warren Patterson said.

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