

# Weekly Market News

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Integr8 is ISCC-certified to trade sustainable biofuels and help shipowners comply with environmental regulations

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UPDATE



## Sri Lanka suppliers stockpile to supply diverted vessels

Some suppliers in the Sri Lankan port of **Colombo** have noted a surge in bunker demand since December as vessels avoid the Red Sea. About 50,000 mt of bunkers was sold in Colombo in December, up from 38,000 mt in November. The volumes are projected to touch 50,000 mt this month as well and mostly be VLSFO, a supplier said. Bunker-only calls from container ships have been particularly high in Colombo, the supplier added. One supplier has procured bunkers well in advance to meet the rising demand. Suppliers in Colombo typically import VLSFO cargoes from Fujairah, with these shipments mostly arriving bi-weekly. However, the strong demand has prompted some to consider increasing their import frequency.

## Red Sea crisis dents bunker demand off Malta

Bunker demand has declined some off Malta as vessels avoid Suez Canal transits due to attacks in the Red Sea. Three sources have confirmed to ENGINE that demand off Malta has come down a bit as vessels avoid Suez Canal transits.

Vessels generally prefer bunkering off Malta due to the island's strategic location in the Mediterranean Sea. They can easily bunker off Malta without deviation on voyages between Europe and Asia. But some vessels are still **indecisive** about whether to take the longer route. A lot of vessels are currently waiting around the Gibraltar Strait to assess how the Houthi situation evolves before deciding between Africa and the shorter Suez Canal route to get to Asia, a source said. Demand in the Greek port of Piraeus has been largely unaffected by the Red Sea crisis, another trader said. Bunker fuel availability is good in both Malta and Piraeus.

## Diverted vessels turn to Walvis Bay to bunker – Piredda

African ports continue to witness unusually high demand, says Simone Piredda, senior trader at Monjasa. Along with Oryx Energies, **Monjasa** has been among the most active physical suppliers off Walvis Bay in the past month, going by the number of fuel quality samples recorded by ENGINE. The ongoing Red Sea situation has increased demand in ports across East, Southern and West Africa. Several ports have seen stronger demand, and this has been amplified by suspended bunkering off Algoa Bay, Piredda said.

“Our data shows that Walvis Bay, Namibia, is increasingly becoming a refuelling centre for many vessels rerouting around Cape of Good Hope,” he said. Walvis Bay's location means that little route deviation is needed and offers bunker-only calls offshore and at a designated anchorage.

## Maersk Oil Trading tops Singapore's biofuel sales

The Maritime and Port Authority of Singapore (MPA) has listed bunker supplier Maersk Oil Trading as Singapore's biggest biofuel bunker supplier by volume in 2023. Maersk surpassed Chevron to secure the top spot, while BP maintained its third position, according to the MPA. Total sales of bio-blended bunkers hit **524,000 mt** last year, more than three times the amount sold in 2022. The MPA does not publish the exact bunker fuel volumes sold by individual companies.

Vitol Bunkers and TotalEnergies lost their second and fourth positions to fall into fourth and sixth place, respectively. ExxonMobil dropped from fifth to ninth – the biggest decline among the top 10 biofuel bunker suppliers of 2023.

Shell Eastern Trading, TFG Marine, Cathay Marine Fuel, Golden Island and PetroChina were the new entrants to Singapore's biofuel bunker market last year.



## HutanBio receives funding to develop algae-based biofuels

Access to sufficient volumes of feedstocks is projected by many to be the **main bottleneck** to a bigger role for sustainable biofuels in the global marine fuel mix. HutanBio, a biotechnology firm founded by former scientists from Cambridge University, has now set out to develop biofuels derived from cultivated algae and supply them for use by ships. Cultivating algae for biofuel production, absorbs CO<sub>2</sub> and effectively helps to offset greenhouse gas emissions.



## Seaside LNG claims first US Gulf Coast ship-to-ship LNG bunkering

Seaside LNG, a Texas-based LNG supplier, delivered an undisclosed amount of LNG to a cruise ship in the **Port of Galveston**. Seaside LNG bunkered Carnival Cruise's LNG-powered cruise ship Carnival Jubilee. The ship-to-ship bunker operation was carried out by its LNG bunker barge Clean Jacksonville. "This operation marked the first in port ship-to-ship LNG bunkering delivery not only in Galveston but also along the entire U.S. Gulf Coast," Seaside said.

### US fuel oil production in January

328,000 b/d

### US fuel oil production in December

262,000 b/d

## US fuel oil production up despite overall utilisation drop

US fuel oil production has reached its top monthly level since November 2019, averaging 12% higher this month than across December, data from the Energy Information Administration (EIA) showed. Gulf Coast refineries have produced an average of 166,000 b/d of fuel oil so far this month, **up by 46%** from December. West Coast and East Coast refineries have produced 16% and 7% more fuel oil, respectively, this month.

The fuel oil increase comes despite a 2% drop in overall US refinery utilisation, to 90% this month. This decrease can be attributed to the recent winter storms and freezing temperatures, which have affected refineries, primarily in the Gulf Coast region. Last week, refinery utilisation in the Gulf Coast dropped by almost 10 percentage points.

Also despite a rise in production, the amount of fuel oil supplied from storage tanks to various outlets, such as bunker fuel blenders, bulk terminals, refinery coking units, and power generation, has decreased this month and supported inventories, which have grown by 2%.

## Weekly Brent developments

Front-month ICE Brent has moved in a narrow range for a fourth week in a row and is trading **nearly flat** with last week's settlement level.

### Upward pressure:

Brent futures increased after the US Energy Information Administration (EIA) reported an unexpected drop in US crude stocks. Commercial US crude inventories fell by 9.2 million bbls on the week, to 420.68 million bbls on 19 January, as winter storms and extremely low temperatures paused refinery activity, according to the EIA. The latest data also marks the lowest stock level since October last year.

The Chinese central bank announced that it will reduce banks' reserve ratio by a significant amount, injecting around \$140 billion into its system, Reuters reported. This news has boosted China's economic stimulus narrative, pushing up Brent's price.

### Downward pressure:

Russia has continued crude oil shipments out of its Ust-Luga port in the Baltic Sea, despite a fire in one of its fuel export terminals earlier this week.

Libya's National Oil Corp said it will resume production in the 300,000 b/d El-Sharara oil field.

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