

# Weekly Market News

8th-12th January 2024

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REPORT



## Pertamina expands Bali supply for cruise ships

After seeing some LSMGO demand for cruise ships in Bali, Indonesian marine fuel supplier Pertamina has now started supplying cruise ships with **VLSFO and HSFO** grades by barge, a source told ENGINE. Pertamina bunkered Norwegian Cruise Line's ship Norwegian Jewel with VLSFO on 1 January in Benoa Port in Bali. It also bunkered another cruise ship, the Celebrity Millennium, owned by Florida-based Celebrity Cruises with HSFO on 4 January. Pertamina decided to broaden its fuel grade offering after seeing some demand for LSMGO in Bali in 2023, when it bunkered five cruise ships with small stems, the source said. This came after no bunker demand in 2022, the source added.

## Red Sea diversions boost West Africa bunker demand

Suppliers in several African ports continue to witness strong demand from vessels diverted to avoid the Red Sea. The highest activity levels have been seen at the **Lome anchorage** off Togo and in bunker areas off Ivory Coast and Congo, Simon Piredda, a senior bunker trader from supplier Monjasa told ENGINE. He also highlighted increased demand at Namibia's Walvis Bay. "These are refuelling locations involving the least deviation considering the rerouting of the vessels and the least costs of bunker-only calls," Piredda explained. The ongoing vessel diversions around the Cape of Good Hope have led to a surge in bunker demand in various African ports over the past three weeks. Algoa Bay is usually among the region's top bunker options, but bunkering has been suspended at the anchorage because of a tax dispute between suppliers and authorities since mid-September. This has boosted demand in other ports.

## Red Sea crisis drives bunker demand up in Sri Lankan ports

Recent attacks on ships in the Red Sea have prompted shipping companies to reroute vessels via the southern tip of Africa instead of the shorter Suez Canal route. This shift has led to an increase in bunkering demand at Sri Lankan ports, particularly **Colombo and Trincomalee**, as shipowners avoid the Red Sea region. Bunker suppliers in Sri Lanka have ramped up supply in response to this extra demand.

"Yes, we have additional inventory at hand and flowing in," a trader told ENGINE.

This has resulted in a noticeable uptick in VLSFO prices in both ports. Colombo's VLSFO premiums over major Asian bunker hubs Singapore and Fujairah have risen since the start of the month. Both Sri Lankan ports currently have good availability of VLSFO and LSMGO.

## Gasum to supply e-methane to ships from 2026

Finnish state-owned energy firm Gasum has signed an e-methane offtake agreement with project development company Nordic Ren-Gas. "In the power-to-gas process, [green] hydrogen is first produced using renewable electricity and water," Ren Gas explained. "The hydrogen is then further processed into e-methane by combining it with biogenic CO<sub>2</sub>." This project will capture biogenic CO<sub>2</sub> from the Tammervoima waste treatment plant in Tampere, Finland.

"The e-methane produced in this way is **completely renewable** and will replace the use of fossil fuels in the transport, shipping and industrial sectors," Gasum said, which will purchase the entire production capacity and supply it to its clients, including those in the shipping industry. Since e-methane and LNG are essentially the same methane molecules produced in different ways, e-methane can be used as a drop-in fuel for LNG-capable vessels without the need for any modifications. It can replace LNG to significantly lower a vessel's carbon footprint.



## Avenir LNG extends charters for two bunker vessels

Petronas-subsiary Petco will charter the 7,500 cbm-capacity Avenir Advantage for another two years and deliver LNG to ships bunkering in **Malaysia** and southeast Asia. Another of its 7,500 cbm-capacity LNG bunker vessel, the Avenir Accolade, has mostly been deployed by **Brazil** since 2021 and will now be chartered for up to two years to NFE Transport Partners, a division of US-based energy firm New Fortress Energy (NFE).



## Seaspan launches LNG bunker vessel for Panama deployment

Canada-based LNG bunker firm Seaspan Energy has launched the first of its three new 7,600 cbm-capacity LNG bunker vessels. The vessel, Seaspan Garibaldi, will be stationed in **Panama**, one of the world's biggest bunkering hubs. It will load LNG from the Costa Norte LNG terminal in Colon on Panama's Caribbean side. A second vessel will likely be deployed along the **North American west coast**, where it will support a burgeoning LNG bunker market.

### Fujairah fuel oil stocks in January

8.61 mill bbls

### Fujairah fuel oil stocks in December

9.95 mill bbls

## Fujairah's fuel oil inventories drawn 16% this month

Fujairah's heavy distillate and residual fuel oil inventories average below 9 million bbls for the first month in more than a year, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows. According to cargo tracker Vortexa, Fujairah has imported 199,000 b/d of fuel oil so far this month, down from 258,000 b/d in December. Around 33% of the port's total imports this month have arrived from Russia, followed by Iraq (30%) and Iran (29%).

In the same time frame, the Middle Eastern bunker hub's exports have risen by a significant 163,000 b/d to 394,000 b/d. This has tilted the port's trade balance comfortably into **net exports** this month.

The majority of fuel oil exports from the Middle Eastern bunker hub have departed for South Korea (41%), followed by Saudi Arabia (16%) and China (11%).

Prompt availability remains tight in Fujairah's bunker market, with lead times of 7-10 days recommended for all grades.

## Weekly Brent developments

Front-month Brent is on track to trade **almost flat** with last week's settlement, supported by escalating tensions in the Middle East and countered by a US crude stock build.

### Upward pressure:

Iran-aligned Houthi militants launched one of its largest drone and missile attacks on commercial vessels in the Red Sea on Tuesday. Following the strikes, US and UK naval ships deployed in the region took down 21 missiles and drones launched by the Yemeni militant group, US Central Command (CENTCOM) said.

"Concerns regarding a broader escalation in the Middle East are expected to support the oil market," SPI Asset Management managing partner Stephen Innes said.

### Downward pressure:

Brent futures declined slightly after the US Energy Information Administration (EIA) reported a surprise build in US crude oil stocks. Commercial US crude inventories rose by 1.34 million bbls on the week, to 432.40 million bbls on 5 January.

A seventh consecutive weekly rise in US distillate stocks - which include diesel and gasoil - signalled weaker demand in the world's largest oil-consuming country. So did a second straight weekly gain in gasoline stocks.

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