Integr8 Fuels

Weekly Market News

29th January - 2nd February 2024

More tankers avoid Suez Canal transits

Tankers are gradually opting for the longer route around the Cape of Good Hope to avoid attacks by the Houthi militia in the Red Sea. The average number of tankers transiting through the Suez Canal was 22/day in December, just 1/day lower than 23/day in November, according to IMF's PortWatch data. However, tanker transits through the Suez Canal fell coming into January. Especially, after US and British naval vessels launched a series of cruise missiles and airstrikes on locations in Yemen, some of which were allegedly Houthi missile launch sites.
The average number of tankers passing through the Suez Canal was around **15/day in January**. It fell to a record low of 8-9/day between 26-27 January, IMF's PortWatch data shows.

Joint effort needed to fix complex shipping crisis - UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) is deeply concerned about escalating disruptions to global trade. Maritime transport is responsible for over 80% of global movements of goods and plays a critical role in international trade.
UNCTAD estimates that there has been a **42% decrease** in weekly transits through the Suez Canal over the last two months, triggered by the Yemen-based Houthi militant attacks on commercial ships in the Red Sea region in response to the Israel-Palestine conflict in Gaza. Simultaneously, the Panama Canal faces a **36% reduction** in total transits due to diminished water levels, raising concerns about enduring impacts on global supply chains. This translates into extended cargo travel distances, escalating trade costs and a surge in greenhouse gas emissions.

Maersk launches first large methanol-fuelled container ship

With a capacity of 16,000 TEUs, the Ane Maersk is the **first of 18 ships** with dual-fuel methanol engines to be delivered to Maersk between 2024 and 2025.
It is set to embark on its maiden voyage consuming green methanol and will be deployed to operate between Asia and Europe from. The vessel will make stops in the ports of Shanghai, Tanjung Pelepas, Colombo and Hamburg. Its first destination will be Ningbo, China. This will be the second container vessel in the world to use methanol, with the first being Maersk's container feeder vessel Laura Maersk.
Maersk is working on developing sourcing and bunkering solutions for its entire methanol-enabled vessel fleet by next year.

TFG deploys dual-fuel bunker tanker in Singapore

The 5,000-dwt dual-fuel bunker tanker, MT Diligence, is TFG Marine’s first vessel capable of running on **LNG or conventional** marine fuels. It will be used to deliver VLSFO and biofuel blends to ships in Singapore.
The company operates a large fleet of bunker tankers in Singapore. At least 18 bunker tankers have delivered HSFO, VLSFO and LSMGO grades for TFG Marine in Singapore over the past two weeks, according fuel quality samples from laboratories.
The vessel, like other bunker tankers in Singapore, is fitted with a mass flow meter (MFM). The Maritime and Port Authority of Singapore (MPA) has mandated the installation of MFM for bunker delivery vessels since 2017. Singapore-based shipping and tanker firm CBS Ventures constructed and operates the vessel for TFG Marine.

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ONE gets DNV nod for ammonia-capable dual-fuel vessel concept

Ammonia-capable means that the 3,500-TEU capacity vessel will be able to run on ammonia as a fuel.
"Ammonia is definitely one of the primary focuses of our research as ammonia fuel has a great potential of generating lower GHG emissions than conventional marine fuels," said senior vice president Koshiro Wake at ONE, which is part of an ammonia bunkering pilot study led by the Global Centre for Maritime Decarbonisation.

Purus Marine takes ethanol dual-fuel VLEC count to three

UK-based shipowner Purus Marine has ordered a dual-fuel very large ethane carrier (VLEC) that can run on ethanol.
The vessel is set for delivery in 2027, following which it will be chartered out on a long-term contract. Since ethanol's chemical and physical properties are **very similar to methanol**, it can complement methanol as a bunker fuel and theoretically increase the overall access to feedstocks. They are both liquid fuels with low flash points of 11-13°C.

Rotterdam LNG bunker sales in 2023

251,000 mt

Rotterdam LNG bunker sales in 2022

165,000 mt

Oil-to-gas switching boosts Rotterdam LNG sales

Rotterdam's fossil LNG bunker sales **increased by a massive 52%** last year and were at their highest since 2018. More attractive gas prices encouraged vessels with dual-fuel engines to switch from conventional oil-based fuels such as VLSFO to LNG. This was all fossil LNG, and no bio-LNG sales have been recorded since 2021.
By comparison, Singapore saw more moderate 16,000 mt growth in fossil LNG sales last year. And even if Singapore is five times bigger than Rotterdam in overall bunker sales, Rotterdam sold twice as much LNG as Singapore.
Rotterdam's total bio-blended bunker sales stood at 750,000 mt in 2023, down from 791,000 mt in 2022. This is roughly equivalent to 8% of total bunkers (conventional plus bio-blended) sold in 2023. Its bio-blended bunker sales were roughly 43% greater than Singapore's.
About 80% of biofuel blend volumes sold in Rotterdam were bio-VLSFO, followed by bio-HSFO (8%), bio-MGO (6%) and bio-ULSFO (5%).

Weekly Brent developments

Front-month ICE Brent has **shed more than 5%** on the week, pulled down by talks of a ceasefire in the months-long Israel-Hamas war.
Downward pressure:
Brent plunged off a cliff on Thursday as news broke of ongoing talks of a ceasefire between Israel and Hamas in Gaza. Hamas has approved a ceasefire and hostage deal, the Jerusalem Post reported on Thursday evening. Meanwhile, Israeli Prime Minister Benjamin Netanyahu has said he will not pull back troops until they have a "total victory" over Hamas.
The war in Gaza has spurred geopolitical tensions well beyond its borders and put upward prices on energy prices. Oil investors could now be rushing to unwind positions.
Upward pressure:
China's upcoming Spring Festival is expected to spur higher outbound travel from China, which will drive some oil demand in the country. The Chinese transport ministry has estimated that nearly 9 billion trips will be taken over the seven-day festival, "including on railways, roads, waterways and air travel."
Commercial ships passing through the Red Sea continue to be attacked by the Houthis, now in the third month of conflict. Brent faces further upside risk if the conflict escalates.