

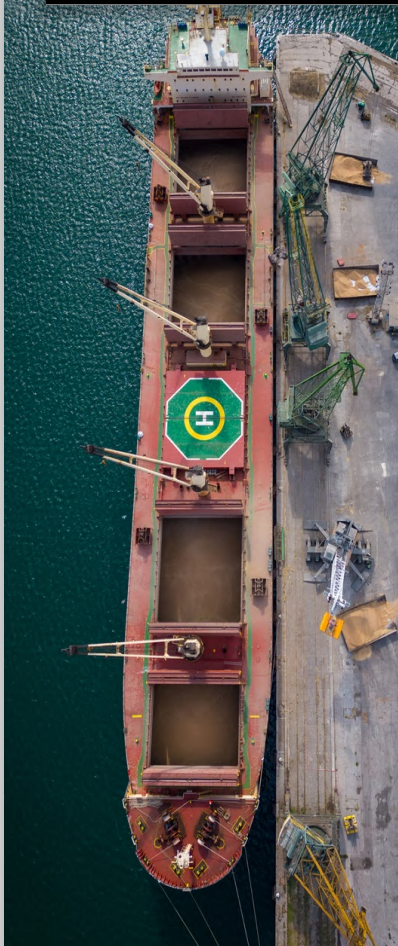
# Weekly Market News

25th - 29th March 2024

## Integr8 Research's Steve Christy argues that:

VLSFO and HSFO prices are stable for now, but Hi5 spreads could widen going forward

READ  
UPDATE



## IMO advances draft for shipping's 'net-zero framework'

The IMO's 81st Marine Environment Protection Committee (MEPC 81) mapped a draft outline of its "net-zero framework" last week. "This marks a step forward in the legal process towards adopting global regulations, referred to as 'mid-term GHG reduction measures', that will help achieve the targets contained in the 2023 IMO Strategy on the Reduction of GHG Emissions from Ships," the IMO said.

MEPC 81 also approved revised guidelines on the life cycle analysis of marine fuels.

The IMO will continue further discussions at MEPC 82, scheduled for September-October.

It expects mid-term measures to be adopted by 2025 and implemented by 2027.

## Safety nod for Norway's ammonia bunkering terminal

Yara Clean Ammonia and Azane Fuel Solutions have received a safety approval from the Norwegian Directorate for Civil Protection to build an ammonia bunkering terminal in Norway. "The permit marks a significant milestone for enabling ammonia as a safe and low emission alternative to traditional shipping fuels," the companies said in a joint statement. The bunkering terminal will be constructed at Fjord Base in Florø, Norway. It will feature a stationary floating barge that will be able to carry 650 mt of ammonia. "The permit allows for up to 416 operations annually, many of these expected to be bunkering operations for offshore supply vessels that regularly call at Fjord Base in Florø," Yara Clean Ammonia said. Azane plans to build a total of 15 such bunkering terminals as part of its ammonia bunkering network. These units are slated to become operational in 2025 and be located across Scandinavia.

## FueLNG completes 150th STS LNG bunkering in Singapore

Singapore-based LNG bunker supplier FueLNG delivered an undisclosed amount of fossil LNG to Japanese shipping firm NYK Line's vessel Freesia Leader in Singapore. This delivery marked FueLNG's 150th ship-to-ship (STS) bunkering operation. The company said it took two and a half years to reach the first 100 STS bunkering operations. From there the stem frequency accelerated rapidly, and the next 50 stems took around five months. This shows "exponential growth and burgeoning demand for LNG bunkering in Singapore." LNG bunker sales surged by 17,000 mt in Singapore to an all-time high of 27,000 mt in February. LNG bunker sales have grown for the third consecutive month as cheaper LNG prices have triggered more oil-to-gas switching, according to latest figures from the Maritime and Port Authority of Singapore (MPA).

## Firms allegedly overcharging clients for EU ETS - T&E

Since the introduction of the EU Emissions Trading System (EU ETS) for shipping in January 2024, firms like Maersk and Samskip have started applying an ETS surcharge on the base freight rate. This surcharge is intended to cover the costs associated with the EU ETS compliance. These firms seem to be profiting from the ETS surcharges, according to a study by Transport & Environment (T&E), which analysed over 500 voyages to and from EU ports. It revealed that in nearly 90% of cases, shipping firms are imposing ETS surcharges on customers that surpass the actual costs incurred from the EU ETS regulation. Notably, Danish company Maersk is expected to rake in over €300,000 (\$323,000) extra from a single voyage, showcasing the significant profit margins from these charges. The EU ETS applies to cargo and passenger ships exceeding 5,000 gross tonnes. It will be phased in over three years, starting with 40% of CO2 emissions covered in 2024, 70% in 2025 and 100% from 2026.



## Ørsted plans e-methanol plant in the US to meet shipping demand

Danish renewable energy major Ørsted plans to build a 300,000 mt/year **e-methanol plant** along the US Gulf Coast to meet potential demand from the shipping sector. For this project, Ørsted will build wind and solar plants in Texas to power electrolysis of green hydrogen, while biogenic CO<sub>2</sub> will be captured from an industrial facility. Fuel produced at this plant will reduce a ship's CO<sub>2</sub> emissions by over 90% compared to conventional marine fuels, Ørsted claims.



## Terntank orders a dual-fuel methanol tanker

Swedish shipping firm Terntank has placed an order for a **dual-fuel methanol tanker** from China's Merchants Jinling Shipyards. The 15,000-dwt vessel will be able to run on methanol and conventional marine fuels. It is expected to be delivered by 2027. The vessel will also be equipped with wind sails and a hybrid battery system. Last year, Terntank placed orders for three dual-fuel methanol tankers for deliveries scheduled in 2025.

### Fujairah fuel oil stocks in March

9.80m bbls

### Fujairah fuel oil stocks in February

9.14m bbls

## Fujairah's fuel oil inventories up 7% this month

Fujairah's fuel oil stocks have averaged **7% higher** so far this month than across February, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows. According to cargo tracker Vortexa, Fujairah has imported 318,000 b/d of fuel oil so far in March, significantly up by 174,000 b/d from February. Around 32% of the port's total imports this month arrived from Iraq, followed by Russia (29%) and Iran (18%). In the same time frame, the UAE port's fuel oil exports have risen by 83,000 b/d to 264,000 b/d. The port's trade balance remains in net imports this month, contributing to the stock build. The majority of fuel oil exports from the Middle Eastern bunker hub have departed for Singapore (34%), followed by the US (11%) and Egypt (9%).

Fujairah's middle distillate stocks have declined and remained below 2 million bbls. Prompt availability for all bunker fuel grades remains tight in Fujairah, with several suppliers projecting lead times of 7-10 days. Overall, bunker demand is sluggish there, a source says.

## Weekly Brent developments

Front-month ICE Brent is heading for a **1% rise** on the week amid heightened geopolitical tensions in the Middle East, where Israel and Hamas failed to reach a ceasefire agreement.

### Upward pressure:

"Ceasefire talks between Israel and Hamas broke down again, with Israeli Prime Minister Benjamin Netanyahu accusing the group of extreme demands," ANZ Bank's senior commodity strategist Daniel Hynes said. The failure of a ceasefire agreement between the warring parties has raised concerns about possible oil flow disruptions in the region.

The oil market is now awaiting the outcomes of the upcoming OPEC+ Joint Monitoring Ministerial Committee (JMMC) meeting scheduled for next week, where discussions on extending supply cuts for the remainder of the year are on the agenda.

### Downward pressure:

US commercial crude oil stocks rose by 3.17 million bbls to 448 million in the week ended 22 March, Energy Information Administration (EIA) data shows. "A shocking build in crude supply might be a bit hard to shake off," Price Futures Group's senior market analyst Phil Flynn said.

Oil market analysts are awaiting the release of US inflation data due later this week, which could give some clarity about the US Federal Reserve's stance on interest rate cuts.

#### DISCLAIMER

This article is prepared by, and expresses the opinions of, Integr8 as of the date of writing (the "Materials"). Integr8 may (but does not have to) update or revise the Materials, without notice. The Materials are intended as general information, not to be relied upon or read as business, investment, legal, tax or other advice. The Materials are not addressed to, and do not contemplate, the individual circumstances of any person. Integr8 makes no representation as to the Materials' accuracy, completeness, authenticity or source. Each person must independently evaluate the Materials. Save for this disclaimer, the Materials are not intended to create legal relations, and are not an offer or invitation from Integr8, its affiliate or any other person. In preparing the Materials, Integr8 has acted on its own behalf and not as an agent or representative. To the fullest extent permitted by applicable law, Integr8 shall have no liability in contract, tort (including negligence) or otherwise for any loss or cost whatsoever, whether direct, indirect, incidental, special, punitive or consequential, in any way connected to the Materials. The Materials may not be used, copied, reproduced, disseminated, quoted or referred to in any publication or other document (with or without attribution) without the prior written consent of Integr8.