

# Weekly Market News

26th February - 1st March 2024

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UPDATE



## Zona Comun grapples with bunker fuel supply crunch

Zona Comun is facing tight availability of **VLSFO** and **LSMGO**, with delivery dates stretching up to 10 March and beyond, Antares Ship Agents said. A surge in shipping traffic in the upriver area has led to a surplus of vessels looking to bunker at Zona Comun, making it challenging for bunker suppliers to offer prompt stems. Some ships have been diverted to Bahia Blanca, especially those headed to the Pacific Ocean. Bunker supply is tight because of a limited number of suppliers offering stems and intermittent weather disruptions. Refinery outages and bad weather have also contributed to put supply under pressure in Brazil's southeastern and southern regions, as well as in Uruguay and Argentina, a bunker supplier said.

## TFG Marine enters the physical Middle East bunker market

Global bunker supplier TFG Marine will be supplying bunker fuel grades at Sohar Port in Oman. When deliveries start it will mark the company's first foray into the Middle Eastern bunker market, TFG Marine's global head of bunkering Kenneth Dam said. It is a deep-sea port located in Oman near the Strait of Hormuz and overlooking the Arabian Sea. It occupies a strategic position along one of the globe's big shipping corridors, linking the Gulf and the Indian subcontinent to global trade networks. All three conventional bunker fuel grades – **VLSFO**, **LSMGO** and **HSFO** – will be offered to vessels in Sohar, the port's chief executive Emile Hoogsteden said. Initially, TFG Marine will start bunker deliveries in collaboration with a local bunkering firm. It subsequently plans to deploy a bunker vessel in the port over the coming months, which will be equipped with a mass flow meter (MFM).

## Panama-flagged vessels advised to avoid the Red Sea

The Panama Maritime Authority has advised all Panama-registered and flagged vessels to avoid the Red Sea route between Europe and Asia because of **Houthi attacks**. It has also urged these vessels to keep their automatic identification system (AIS) transponders turned on while transiting the Gulf of Aden, the Persian Gulf, the Arabian Sea, the Strait of Hormuz, the Bab al-Mandeb Strait and the Gulf of Oman. The advisory has come amid a rise in Houthi attacks on commercial vessels. The Iran-backed rebel group, which controls significant parts of Yemen, has been launching missiles and drones at commercial vessels in the Red Sea since mid-November in retaliation to Israel's refusal to agree on a ceasefire in Gaza. This has forced several shipping companies to reroute vessels via the longer Cape of Good Hope route.

## LNG bunker demand to grow '10x' by 2033 - Avenir

Global LNG bunker demand is expected to rise to around **5.7 million mt** this year, up from 3.8 million mt last year, LNG supplier Avenir LNG said. The company's projection is higher than the roughly 5 million mt forecast by oil and gas major Shell for this year. Avenir LNG remains highly optimistic about the marine sector's appetite for LNG and predicts that the sector's LNG consumption will grow to 8.3 million mt next year and then swell to **36.9 million mt/year by 2033**, backed by gradual deployments of LNG-powered ships. There were 389 LNG-fuelled ships in operation at the start of 2023, representing an almost tenfold rise over the past decade, Avenir LNG said. It expects LNG bunker demand to overshoot the sector's LNG bunkering capacity from next year. Avenir predicts that the LNG bunker industry will need 31 additional LNG bunker vessels by the end of next year, and another 31 by 2026 to meet shipping's rising LNG bunker demand.



## Wallenius Wilhelmsen orders four more dual-fuel methanol vessels

The additional orders will bring the Scandinavian shipping firm's dual-fuel **methanol** vessel order book with Jinling Shipyard (Jiangsu) to eight. The four 9,300-car equivalent unit (CEU) vessels will be delivered between May and November 2027, Wallenius Wilhelmsen said. The first four PCTCs were ordered last year and will be delivered from mid-2026 onwards. The vessels are also ammonia-ready, which means they can be retrofitted to run on ammonia.



## EPS orders multiple dual-fuel vessels from China

Singapore-based Eastern Pacific Shipping (EPS) has ordered a series of dual-fuel **ammonia** bulk carriers and **LNG** dual-fuel oil tankers from Chinese shipyards. These include four 210,000-dwt dual-fuel ammonia bulk carriers that can run on either ammonia and conventional marine fuels, and two 111,000-dwt dual-fuel LNG oil tankers that can run on either LNG and conventional fuels. EPS has not disclosed when it expects to take delivery of them.

### Fujairah fuel oil stocks in February

9.14m bbls

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9.00m bbls

## Fujairah's fuel oil inventories rise 2% in February

Fujairah's fuel oil inventories have averaged **2% higher** in February than throughout January, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows. Fujairah has imported around 144,000 b/d of fuel oil in February, down from 203,000 b/d imported in January, according to cargo tracker Vortexa. In the same time frame, the port's fuel oil exports have declined by a significant 63,000 b/d to 181,000 b/d. The majority of Fujairah's fuel imports have come from Iraq (53%) in February, followed by Iran (27%) and Russia (16%). Meanwhile, the bulk of the Middle Eastern bunker hub's fuel oil exports have headed for Singapore (26%), Pakistan (9%) and China (8%). Middle distillate stocks have declined in Fujairah and averaged 11% lower than in January.

Despite a slight slowdown in demand, prompt bunker availability remains constrained in Fujairah due to backlogs caused by weather-induced disruptions over the weekend. Suppliers advise lead times of 7-10 days, although some can still offer prompt deliveries.

## Weekly Brent developments

Front-month ICE Brent is on track to **rise by 2%** on the week due to concerns about tight global supply and expectations that OPEC+ producers will decide to extend voluntary output cuts.

### Upward pressure:

Voluntary production cuts of 2.2 million b/d by OPEC+ that commenced from January this year have been supporting Brent's price. Oil market analysts expect the coalition to extend its current supply agreement beyond March.

"The focus is gradually shifting to the OPEC+ decision on voluntary output cuts for the second quarter of 2024," said two analysts from ING Bank. "Expectations are that the group may extend the existing cuts considering the softer crude oil prices," they added.

### Downward pressure:

Meanwhile, a sizeable build in US crude stocks has triggered concerns about slowing demand growth in the country. Commercial US crude oil inventories grew for the fifth straight week, adding 4 million bbls to reach 447.16 million bbls on 23 February, according to the Energy Information Administration.

The ongoing negotiations for a six-week ceasefire in the Gaza Strip in exchange for the release of Israeli hostages have also put some downward pressure on Brent.

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