Integr8 Fuels

Weekly Market News

15th-19th April 2024

Integr8's Jonathan Gaylor looks at the incoming LNG glut and argues that:

Dual-fuel vessel owners should consider e-LNG to make the most of emissions compliance

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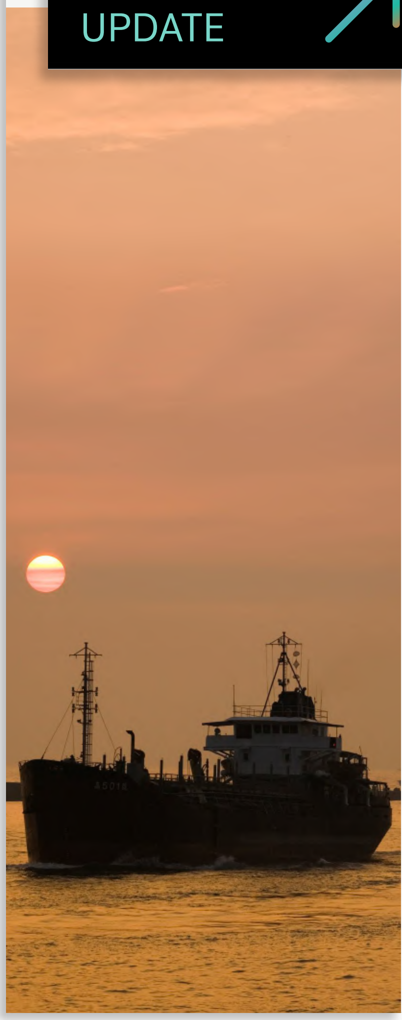

Kaohsiung pipeline repair could curb LSMGO supply

LSMGO supply in the Taiwanese port of Kaohsiung might be impacted in periods between April and May due to scheduled maintenance of pipelines by state-owned oil company CPC Corporation, according to a source. LSMGO loading pipelines are set to be maintained between 22-25 April and 6-9 May. Any LSMGO order greater than 50 mt during these periods will have to be accepted by CPC, another source said. Supply at other major bunker ports along the country's south (Hualien), west (Taichung) and north (Keelung) coasts will not be impacted by the maintenance work. Kaohsiung has good availability of LSMGO for the time being, with recommended lead times of just two days.

Panama Canal boosts daily slots amid drought recovery

The Panama Canal Authority (ACP) has announced a significant increase in transit capacity, including booking slots and a **greater maximum draft limit** for vessels passing through the canal. This signals a positive turnaround in Panama's battle against drought caused by El Nino. The ACP will gradually increase the number of ships allowed through to **32/day**, from a limit of 27/day announced last month. These changes will come after maintenance work on the Gatun Locks from 7-15 May, which will temporarily reduce vessel transits to 17/day in the Panamax locks. Then from 16-31 May it will increase transits to 24/day in the Panamax locks while maintaining a 7/day transit limit in the Neopanamax locks (totalling 31/day) . From 1 June, daily transits in the Neopanamax locks will be raised to 8/day (totalling 32/day). It will also increase the max draft for ships in the Neopanamax locks from 13.41 to 13.71 metres in mid-June.

TFG Marine acquires majority ownership of Vilma Oil

Global bunker supplier TFG Marine aims to strengthen its presence in the West Mediterranean Sea through buying into Spanish bunker firm Vilma Oil. The acquisition is subject to customary closing conditions and regulatory approvals. TFG has not disclosed the cost of the acquisition. Vilma Oil has been an active physical bunker supplier in the **Port of Ceuta** over the past 18 years. It has an 84,000-cbm storage terminal and a bunker barge in Ceuta, and says it supplies bunkers to over 1,500 vessels each year. Vilma Oil's bunker vessel is currently being fitted with a mass flow meter (MFM) as part of the acquisition, said Kenneth Dam, TFG's head of bunkering. The port of Ceuta in the Gibraltar Strait is a busy bunker port and ranks fourth in Spain for bunker operations, according to local shipping agent Jose Salama & Co.

Singapore and Rotterdam to launch bio-LNG pilots

Partners in the Singapore-Rotterdam Green and Digital Shipping Corridor (GDSC) initiative plan to carry out **bio-LNG bunkering pilots** this year and next year. UK-based marine fuel coalition SEA-LNG is currently spearheading the GDSC's bio-methane working group. The group has been studying regulatory mechanisms to support adoption of bio-methane as a bunker fuel on a commercial scale. These pilots will be based on a "mass balancing chain of custody principle," according to the GDSC. This involves physical blending of certified bio-methane with non-certified conventional LNG across shared transport, storage and distribution infrastructure like pipelines. The Maritime and Port Authority of Singapore and the Port of Rotterdam Authority announced the GDSC initiative in August 2022. Last year, the two port authorities and other green corridor partners vowed to contribute towards a 20-30% reduction in global shipping emissions by 2030, compared to 2022 levels.

Wallenius Wilhelmsen advances biofuel use with mass-balance

Norway-based shipping company Wallenius Wilhelmsen aims to replace over 10% of its marine fuel consumption with biofuel blends this year, primarily using **B30 blends** of 30% biofuel and 70% conventional fuel. It will use biofuel blends derived from used cooking oil methyl ester (UCOME) and avoid palm oil and its derivatives. To tackle limited supply of biofuel, it has introduced a lower-carbon insetting programme based on **mass balancing**.

Hapag-Lloyd and Seaspan partner on methanol engine retrofits

German shipping firm Hapag-Lloyd and Hong Kong-based ship operator Seaspan Corporation have agreed to retrofit **five 10,100 TEU-capacity container ships** with dual-fuel engines capable of running on methanol. These are currently equipped with conventional engines built by MAN Energy Solutions. The retrofits are set to begin in the first quarter of 2026. The global methanol ship orderbook is set to grow from 80 in 2025 to 236 in 2028, DNV data shows.

Singapore bio-VLSFO sales in March

66,000 mt

Singapore bio-VLSFO sales in February

16,000 mt

Singapore's bio-bunker and LNG sales surged in March

Singapore sold nearly 2,000 mt/day of **bio-bunkers** in March, about four times the 500 mt/day sold in February, according to preliminary figures from the port authority. All of the 66,000 mt of bio-blended bunkers sold in March was VLSFO blended with a bio component, which is typically 24% in Singapore. The port's total biofuel bunker sales across the first three months of this year stood at 127,000 mt, a significant bump up from the 85,000 mt sold in the same period last year.

LNG bunker sales soared by 12,000 mt in March to reach a record 39,000 mt. This marks the fourth consecutive month of growth in LNG bunker sales, which has driven by lower LNG prices and prompted oil-to-gas switching. No **methanol** sales have been recorded since July last year.

Lower conventional VLSFO sales contributed to drag the port's total **conventional bunker** sales down by 3% from February to March. Singapore's HSFO sales remained steady with February levels, while LSMGO sales inched up by 1%.

Weekly Brent developments

Front-month Brent has reversed last week's gains and shed **more than 3%** on the week after the US Energy Information Administration (EIA) reported a strong build in US crude stocks.

Downward pressure:

US commercial crude oil stocks rose by 2.74 million bbls on the week to 459.99 million bbls on 12 April, the EIA data shows. This is its highest level since June last year.

Brent futures came under pressure after the US Federal Reserve chairman Jerome Powell recently remarked that "interest rates may need to remain elevated for some time," SPI Asset Management's Stephen Innes pointed out.

Upward pressure:

Rising tensions between Israel and Iran continued to support Brent futures this week. Several financial institutions and analysts have adjusted their Brent crude price forecasts for the year following Iran's attack on Israel last weekend.

"Tightening fundamentals" from the ongoing OPEC+ production cuts and geopolitical risk premiums will push Brent up during the summer season (April–September), Morgan Stanley's head of European oil and gas research Martijn Rats said. The bank raised its Brent price forecast by $5/bbl to $95/bbl for this period.