

Weekly Market News

8th-12th April 2024

Integr8 Research's Steve Christy looks at why there has been little VLSFO volatility

A lot has been going on behind the scenes, he argues

READ
UPDATE



Raizen expands physical supply to north Brazil

Brazilian energy firm Raizen has launched physical **supply of VLSFO** in the northern Brazilian ports of Belém and Vila do Conde in the state of Para. It will make bunker deliveries with two bunker barges.

“The new bunkering operation will support either coastal or foreign ships which may be claiming the Brazilian waters,” Raizen’s bunker sales coordinator Paula Georgopoulos Tinoco said. Raizen currently offers bunker deliveries across the Brazilian ports of Belém, Vila do Conde and Itaqui in the north, and Salvador, Rio de Janeiro and Rio Grande in south. Several bunker suppliers such as Bunker One, Ipiranga and Raizen have expanded their operations across Brazilian ports in recent months.

Baltimore channel to partly reopen by end of April

The U.S. Army Corps of Engineers (USACE) has announced a tentative timeline to restore safe navigation in and out of the **Port of Baltimore**. The USACE will open a 280-foot-wide and 35-foot-deep limited access channel to the Port of Baltimore by the end of April. This will support one-way traffic for barge containers in the port. It said that the permanent, 700-foot-wide by 50-foot-deep federal navigation channel will not be reopened until the end of May. This means that port will not be able to operate at normal capacity until at least then.

“These are ambitious timelines that may still be impacted by significant adverse weather conditions or changes in the complexity of the wreckage,” USACE commanding general Scott A. Spellmon said. The Port of Baltimore suspended all vessel traffic last month after a section of the Francis Scott Key Bridge collapsed when a container ship collided into it.

Hapag-Lloyd ship bunkers big LBM stem in Rotterdam

LNG bunker supplier Titan delivered 2,200 mt of **liquid biomethane (LBM)** to Hapag-Lloyd’s container ship in the Port of Rotterdam. The ship-to-ship bunkering of Hapag-Lloyd’s container ship, Brussels Express, was carried out by Titan’s bunker barge, Alice Cosulich.

“This pioneering deal demonstrates that bunkering large quantities of liquefied biomethane is possible and scalable. However, there is still more progress required regarding the necessary infrastructure and the regulatory framework,” said Jan Christensen, senior director fuel purchasing at Hapag-Lloyd. Titan produces LBM from bio-based feedstock such as organic waste, agricultural residue or manure and certified with International Sustainability Carbon Certification (ISCC), according to its website.

Governments urged to invest more in shore power

Governments around the world should direct a portion of **carbon tax revenues** into developing onshore power supply in ports, said global ferry association Interferry. The non-profit has urged “governments and electricity utilities” to prioritise investments in **shore power**. It has asked governments to channel a portion of revenues earned from carbon taxes into the development of shore power supply infrastructure. “Many governments have implemented or will be implementing a carbon tax, so Interferry is urging for some of these tax revenues to be allocated to ports and terminals for electrification purposes,” Interferry’s chief executive Mike Corrigan said. Since most ferry crossings last between 30 minutes and two hours, ferries are better suited to switch to battery-based propulsion, Interferry explained. Ferries can charge their batteries by plugging into the electrical grid in a port and connecting to an onshore power supply. This will help reduce ferries’ carbon footprint, Corrigan said.



NYK Line looking at \$2 billion bond to finance green fuel switch

Japanese shipping firm NYK Line plans to issue two sets of corporate bonds worth 100 billion yen (\$653 million) and 200 billion yen (\$1.3 billion) to finance the construction of vessels that can run on **ammonia** and **LNG**, respectively. These bonds are part of a bigger NYK Line allocation to develop alternative-fuelled vessels by 2030. It plans to build 31 LNG-fuelled, three ammonia-fuelled, eight LPG-fuelled and four methanol-fuelled vessels by 2030.



EGM to charter four dual-fuel methanol tankers to Equinor

French shipping firm EuroGreen Maritime (EGM) has announced a seven-year charter agreement with the Norwegian energy firm Equinor for four **dual-fuel methanol** tanker newbuilds, which are scheduled for delivery between 2026 and 2027. Each vessel will be equipped with a Man B&W dual-fuel engine that can run on both methanol and conventional fuel. These vessels will also have wing sails to enable wind-assisted propulsion.

ARA fuel oil stocks in April

9.17m bbls

ARA fuel oil stocks in March

9.69m bbls

ARA's fuel oil stocks drop 5% coming into April

The ARA's independently held fuel oil stocks have averaged 5% lower in the first week of April than across March, according to Insights Global data.

The region has imported 407,000 b/d of fuel oil so far this month, up from 254,000 b/d in March, according to data from cargo tracker Vortexa. Mexico has emerged as the ARA's biggest fuel oil import source this month, accounting for 60% of the region's total imports. France has ranked second, accounting for 14% of the total imports, followed by Poland (7%) and Sweden (6%).

The ARA hub's independent gasoil inventories — which include diesel and heating oil — have increased by 3% so far this month. The inventories have risen to their highest levels since June last year. The region has imported 299,000 b/d of gasoil so far this month, down from 373,000 b/d imported in March. India was its biggest source of gasoil imports with 28% of its total this month, followed by Spain (25%) and the UAE (17%).

Weekly Brent developments

Front-month Brent has traded above \$90/bbl this week amid persistent tensions in the Middle East, but it set for a 2% fall on the week.

Upward pressure:

Iran has threatened to close the Strait of Hormuz in retaliation for recent Israeli attacks on Syria. "The Strait of Hormuz is the world's most important oil chokepoint because large volumes of oil flow through the strait," the US Energy Information Administration (EIA) said.

OPEC+'s decision to extend oil supply cuts until June-end also exerted upward pressure on Brent futures. "Oil is on the rise as the headlines blast that the oil market is going to get extremely tight in the second half of the year and that OPEC has regained control of the oil market," Price Futures Group's senior market analyst Phil Flynn commented.

Downward pressure:

US commercial crude oil stocks grew by 5.84 million bbls on the week to 457 million bbls on 5 April, the EIA data shows. This is its highest level since July last year.

US consumer price inflation strengthened in March, according to the latest Consumer Price Index data released by the Bureau of Labor Statistics. Higher inflation could lead the Federal Reserve to delay interest rate cuts, which in turn could contribute to dent oil demand in the US.

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