

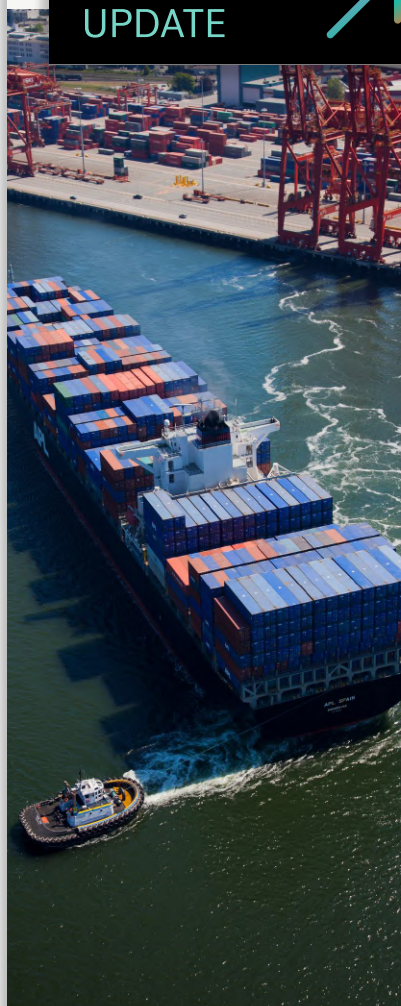
Weekly Market News

13th - 17th May 2024

Integr8 Research's Steve Christy explores weak oil fundamentals and geopolitical risk

Is it time to worry when all the analysts are in agreement?

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UPDATE



Pavilion Energy completes LNG bunkering in Singapore

Singapore-based LNG bunker supplier Pavilion Energy bunkered a vehicle carrier with **377 mt of LNG** in the Port of Singapore. The ship-to-ship LNG bunkering of the vehicle carrier CMA CGM Daytona was carried out by Pavilion Energy's bunker vessel Brassavola. The Brassavola was chartered to Pavilion Energy in February and completed its maiden LNG bunkering operation in Singapore in the same month.

Singapore saw a steady rise in **LNG bunker sales** between December 2023 and March this year. But sales dropped by 8% in April to 36,000 mt, according to the Maritime and Port Authority of Singapore. 1,187 mt/day was sold in April, down from 1,245 mt/day in March.

Monjasa to restart HSFO supply in the English Channel

Global marine fuel supplier Monjasa will reintroduce **HSFO** in Portland port on the south coast of the UK for the first time since the IMO's 0.50% sulphur cap came into force in 2020.

It will now supply HSFO across most UK ports and all northern French ports via its bunker tanker Monjasa Provider. The bunker vessel has been supplying VLSFO and LSMGO in Portland, according to data from fuel testing labs that ENGINE has access to.

"Our oil terminal in Portland Port, UK is the centre of our operations and we have decided to reintroduce HSFO in our storage and product mix for the first time since 2020," said Jeppe H. Ebbese, Monjasa's trading director for Northwest Europe. Monjasa has been supplying bunker fuel in ports in the English Channel since 2016. These ports include Southampton on the south coast of the UK, as well as Dunkirk and Brest in France.

China's VLSFO output dropped in April - JLC

Chinese refiners produced about **1.2 million mt of VLSFO** in April, down from 1.4 million mt in March, market intelligence provider JLC reported. The country's daily average VLSFO output declined by about 9% on a month-on-month basis, to 41,000 mt/day in April, JLC said. VLSFO production was lower on the month as refiners ramped up seasonal maintenance work.

Lower VLSFO output from refineries and limited barge availability have constrained supply of the grade for bunkering in the Chinese port of Zhoushan, with most suppliers recommending average lead times of 5-7 days, a source said. The Chinese government has assigned 4 million mt of VLSFO in export quotas for bonded bunkering, marking the second allocation round for this year. "New export quotas are expected to buoy VLSFO output later this year," JLC said.

Australian firms seek to establish ammonia bunkering

Hexagon Energy Materials and Oceania Marine Energy have agreed to develop a **blue ammonia bunkering** facility at Dampier port in Pilbara, Western Australia. The region is rich in iron ore and exports over 800 million mt/year of the commodity to countries in Asia. Bulk carriers transporting this iron ore are currently powered by conventional marine fuels.

The two companies will demonstrate the feasibility of supplying blue ammonia as a bunker fuel for bulk carriers through ship-to-ship transfers. They will also collaborate to estimate the potential demand for ammonia bunkering in the region.

The blue ammonia for bunkering will be sourced from Hexagon's proposed Western Australian Blue Ammonia facility (WAH2) in Maitland Strategic Industrial Area (SIA), Pilbara. The facility aims to produce blue ammonia to cater to future domestic demand from power plants as well as for exports and bunkering. The project is still in the initial design phase.



Norwegian shipping firm wants to operate hydrogen-capable ships

Shipping firm Maris Fiducia Norway plans to operate **hydrogen-powered bulk carriers**. The ships will be equipped with containerised hydrogen power units, comprising hydrogen-fuelled proton-exchange membrane fuel cells and necessary power supply equipment. The unit is designed by HAV Hydrogen and can be installed on a vessel's deck to power its main propulsion systems or auxiliary power, the company said.



Yara signs green ammonia offtake agreement in India

Ammonia supplier Yara Clean Ammonia (YCA) will procure up to **1 million mt/year of green ammonia** from Indian producer AM Green, which is building a green ammonia plant in Kakinada city in Andhra Pradesh, India. The plant is slated to produce 1 million mt/year of green ammonia by 2027 and scale this up to 5 million mt/year by 2030. YCA will buy green ammonia from the plant from 2027 and supply it as a fuel to ships and other outlets.

Panama bunker sales in April

376,000 mt

Panama bunker sales in March

391,000 mt

Panama's bunker sales dropped in April

Despite more vessels arriving for bunkers, Panama's total bunker sales **dropped by 4%** in April. The number of ships bunkering in Panama's ports increased from 485 vessels in March to 500 in April – the **highest since December 2023**. The average stem size was roughly 752 mt in April, down from 806 mt in March, according to preliminary figures from the Panama Maritime Authority. VLSFO sales dropped by 4% on the month.

Combined 0.50% MGO and LSMGO sales dropped by 14% in April, while HSFO sales remained almost unchanged. Bunker-only calls fell by 16% in April. There were 94 fewer calls than a year earlier. This reduction can be attributed to fewer vessel transits through the Panama Canal, primarily due to low water levels in Gatun Lake. However, after months of increasing restrictions due to falling water levels in its reservoir, the Panama Canal Authority is now raising its transit capacity. Booking slots will be raised from 27 to 32 starting from 16 May, signalling a positive turnaround in Panama's battle against drought conditions caused by El Nino.

Weekly Brent developments

Front-month Brent is heading for a **slight 0.1% rise** on the week, as optimism about oil demand was only partly offset by a lower International Energy Agency (IEA) global oil demand forecast.

Upward pressure:

US commercial crude oil stocks declined by 2.51 million bbls to 457 million bbls in the week that ended 10 May, according to the US Energy Information Administration (EIA).

US Consumer Price Index data showed slower-than-expected growth in April, indicating that inflation is easing in the US. Oil prices were "largely lifted by investors raising bets on the US Federal Reserve cutting rates this year after the country reported a dip in consumer inflation in April," VANDA Insights' founder and analyst Vandana Hari said.

Members of the OPEC+ coalition are expected to extend their voluntary supply cuts into the remaining quarters of this year, analysts said.

Downward pressure:

The IEA has predicted global oil demand growth to drastically decline from 2.3 million b/d in 2023 to 1.1 million b/d this year. This was 140,000 b/d lower than in its projection last month.

"The [oil] market's mood was tempered after the International Energy Agency cut its growth forecast for oil demand," ANZ Bank's senior commodity strategist Daniel Hynes remarked.

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