

Weekly Market News

20th - 24th May 2024

Integr8 Research's Steve Christy discusses OPEC+'s output policy

What is OPEC+ going to do in June (and the rest of this year)?

READ
UPDATE



ScanOcean to deliver biofuel for bunkering in Sweden

Swedish marine fuel supplier ScanOcean has started supplying **B30-LSMGO** in Sweden. ScanOcean uses 30% hydrogenated vegetable oil (HVO) in these blends.

The sustainability of the biofuel component will be documented with a Proof of Sustainability (PoS) and certified by the ISCC. An ISCC certification assures that the biofuels supplied by ScanOcean are sustainably produced and meet the legal requirements of the EU's Renewable Energy Directive. ScanOcean can deliver stems by truck in all Swedish ports, and by barge in the ports of Gothenburg and Stockholm. It has also built an ex-pipe bunkering station in Södertälje for vessels transiting Lake Mälaren.

Baltimore port operations return to normal

Port operations and **bunkering activities** have returned to normal in Baltimore after the cargo ship Dali was successfully removed on Monday. The Dali had collided severely with the Francis Scott Key Bridge on 26 March and disrupted vessel transits in the area.

The collision occurred after the ship lost power and struck the bridge, causing approximately 4,000 mt of debris to enter the Patapsco River and trapping the vessel. A preliminary report from the US' National Transportation Safety Board (NTSB) ruled out the possibility of fuel contamination as a cause for the incident. Baltimore port's director Jonathan Daniels said on Monday that the channel is now 400 feet (122 metres) wide and 50 feet (15 metres) deep, with plans to widen it further to 700 feet (213 metres) within two weeks. Baltimore has not yet seen a significant increase in bunker demand, but traders anticipate more demand from June.

Lower LNG prices spark oil-to-gas switching in Singapore

Fuel switching has become more prevalent in Singapore as **LNG outcompetes VLSFO** on price, according to industry experts. Tankers equipped with dual-fuel engines capable of using both VLSFO and LNG are actively engaging in fuel switching, an analyst at Kpler told ENGINE.

"There has been an increase in fuel switching in the past month, so vessels that have predominantly been using VLSFO are now switching to LNG in Singapore," another trading source said. Singapore's LNG bunkering sales reached a new record in the first four months of this year, with sales totaling 111,000 mt from January to April, data from the Maritime and Port Authority of Singapore showed. Meanwhile, Singapore's VLSFO sales dropped by 3% to 10.1 million mt in the first four months of this year, compared to the same period last year.

Fuel tank size not a major concern for methanol ships

Methanol fuel storage tanks onboard methanol-capable ships will not drastically impact their cargo capacity and operational efficiency, Auramarine project manager Mikko Sinivaara and product manager Valtteri Vainio said in an exclusive interview with ENGINE.

Finland-based Auramarine produces fuel supply systems for ships to use methanol alongside conventional fuels for propulsion. Methanol-fuelled ships need to consume 2.5 times more fuel to cover the same distance as VLSFO- and MGO-fuelled ships, and that methanol fuel storage tanks onboard ships need to be 2.5 times bigger than VLSFO and MGO storage tanks. This is because methanol's volumetric energy density is around 2.5 times lower than that of conventional marine fuels. But to avoid a crunch in cargo capacity, these tanks can be **spread around the ship**. Methanol can be stored in double bottom tanks, which are storage compartments located beneath a ship's cargo holds or main deck, designed for storing liquids.



Maersk wants 'end-date' for fossil-only newbuilds

The EU must impose a deadline for ending the construction of new ships powered by only **conventional marine fuels**, A.P. Moller-Maersk has suggested in a recently released memorandum that lays the foundation for net-zero shipping by 2050. Setting an end date for fossil fuel-powered ships "will help shipowners and energy providers make investments in new ships and fuel supply infrastructure to accelerate the energy transition," Maersk noted.



Lomarlabs and Calcareo to develop onboard carbon capture tech

UK-based Lomar Shipping's arm Lomarlabs and climate-tech start-up Calcareo has set out to develop onboard **carbon capture** systems that capture CO₂ and converts it to ocean salts. The systems capture CO₂ from ship exhausts and transforms it into bicarbonate ions before releasing them into the ocean. It will enable ships to sequester carbon at sea, eliminating the need to store captured carbon onboard and offload it in port.

Fujairah fuel oil stocks in May

9.57m bbls

Fujairah fuel oil stocks in April

10.00m bbls

Fujairah's fuel oil stocks dip 4% despite higher imports

Fujairah's residual fuel inventories have averaged 4% lower so far this month than across April, Fujairah Oil Industry Zone (FOIZ) and S&P Global data show. The stocks have stayed under 10 million bbls for four consecutive weeks despite higher imports.

According to cargo tracker Vortexa, the Middle Eastern bunker hub has imported 391,000 b/d of fuel oil this month, a notable increase from 239,000 b/d imported in April. The majority of fuel oil cargo volumes have arrived from Iran (20%) and Greece (18%), with Iraq (16%) following closely behind. Fujairah's fuel oil exports have decreased by 106,000 b/d to 262,000 b/d during the same period. This has tilted the port's trade balance comfortably into a **net import surplus** this month. The primary destinations for fuel oil exports from the UAE port have been China (37%), Malaysia (22%) and Saudi Arabia (13%) so far this month.

Bunker demand remains subdued for all grades in Fujairah, while availability for very prompt dates is limited for all grades, with most suppliers indicating lead times of 5-7 days.

Weekly Brent developments

Front-month Brent is on track to **fall by 2%** on the week due to growing concerns about a slowdown in global oil demand and an unexpected rise in US crude oil stocks.

Downward pressure:

US commercial crude oil stocks increased by 1.8 million bbls to 459 million bbls in the week that ended on 17 May, according to the US Energy Information Administration (EIA).

Minutes recorded from a US Federal Reserve's (Fed) meeting indicated that the central bank could raise interest rates again if inflation remains sticky. "Various participants mentioned a willingness to tighten policy further should risks to inflation materialise in a way that such an action became appropriate," the Fed said. Higher interest rates increase borrowing costs for dollar-denominated commodities like oil and will often dampen demand.

Upward pressure:

Brent drew some support from the news about the Iranian President Ebrahim Raisi's death in a helicopter crash on Sunday. "The Middle East political landscape was shaken by the death of Iran's President. Separately, there are concerns over the health of Saudi Arabia's King, Salman bin Abdulaziz," ANZ Bank senior commodity strategist Daniel Hynes said. OPEC+'s decision on supply cuts is "also hovering over the market," Hynes added.

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