

Weekly Market News

27th - 31st May 2024

Hot off the press:
Integr8 Research's
latest report on

What OPEC+
options are when
it meets next
month and how
that could impact
bunker prices

READ
UPDATE



China's bonded bunker fuel imports fell in April – JLC

China's **bonded bunker fuel** imports stood at 341,000 mt in April, **down 11%** from the previous month and 18% lower than in the same period last year, market intelligence provider JLC reported. High HSFO inventories led to lower buying interest among importers, it said. Chinese buyers reduced bonded HSFO imports in April as bunker fuel sales dropped amid tight barge availability in major bunker hubs in East China during the month, JLC said. "Most companies saw a drop in their bonded bunker fuel sales, leading to a build-up of HSFO [inventories in April]," JLC said. Chinese buyers mainly imports HSFO and MGO for bonded bunkering, but some suppliers imported VLSFO in April to meet demand amid tight supply.

X-Press Feeders bunkers biomethanol in Singapore

A container ship owned by Singapore-based X-Press Feeder was bunkered with 300 mt of **biomethanol** at the **Vopak Penjuru Terminal in Singapore**. It was the company's first vessel to dock and bunker biomethanol in Singapore. The vessel is equipped with a dual-fuel engine and is currently on its maiden voyage from Shanghai to Rotterdam. The biomethanol was certified by the International Sustainability & Carbon Certification (ISCC) and produced by OCI Global. It was delivered by Singapore-based bunker supplier Global Energy Trading using the bunker tanker Kara. The Maritime and Port Authority of Singapore (MPA) was involved and tested a mass flow metering system for methanol for this bunker operation. "Singapore is ready for commercial scale operations for shore-to-ship, ship-to-ship, and SIMOPS (simultaneous methanol bunkering and cargo operation) for methanol," the MPA said.

Baltimore's bunker demand returns to normal

The Port of Baltimore has seen an uptick in **bunker fuel demand** this week as port operations and bunkering activities returned to normal on 21 May. Availability of VLSFO and LSMGO is decent in Baltimore, with several suppliers recommending lead times of 5-7 days. The bunker disruptions began in Baltimore on 26 March, when the cargo ship Dali collided with the Francis Scott Key Bridge after losing power. The collision caused about 4,000 mt of debris to enter the Patapsco River, trapping the vessel and significantly impeding transits in the area. The ship was moved to the port earlier this week, but the 400-foot channel remains narrower than its original width as a section of the bridge's is still embedded in the riverbed mud. The pathway is set to be fully reopened to its original 700-foot width and 50-foot depth by 8-10 June.

Marine fuel cells better suited for auxiliary power

"It appears unrealistic to assume that **fuel cells** will compete with or entirely replace onboard **internal combustion engines** in the near future," Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping (MMMCZCS) said in report. Proton exchange membrane (PEM) fuel cells and solid oxide fuel cells (SOFCs) are expensive to install on ships and this can hold back more uptake in the near future, the study found.

Marine SOFCs are estimated to cost around \$5,500 per kilowatt (kW) in 2025, whereas marine PEM fuel cells are expected to cost roughly \$4,000/kW in 2025, according to MMMCZCS. Ship engine rooms might need to be redesigned and ship crews will need new procedures to operate fuel cells on ships. This can also hold back more widespread adoption. The report proposes that fuel cells should be used to power a ship's auxiliary operations rather than for primary propulsion.



MAN Cryo to make hydrogen supply system for ferries

MAN Cryo, the cryogenic equipment division of MAN Energy Solutions, will design a **hydrogen fuel** supply system for Norwegian ferry operator Torghatten Nord's ferries. Torghatten has ordered two hydrogen-capable ferries and also plans to convert two of its existing LNG ferries to run on hydrogen. MAN Cryo will provide a liquid hydrogen fuel supply system for these ferries, which includes equipment to support bunkering and handling the fuel onboard.



TECO 2030 fuel cell system attains full power output in trial run

Norwegian tech firm TECO 2030's hydrogen-based **marine fuel cell** system has achieved "stable and maximum" power output during trials. The ground test result shows that the "fully functional fuel cell" is ready for commercial deployment, TECO 2030's group chief executive Tore Enger said. The system comprises proton exchange membrane (PEM) fuel cells with 400-kilowatt output. It can be used as a primary or auxiliary power source on ships.

ARA fuel oil stocks in May

9.97m bbls

ARA fuel oil stocks in April

9.37m bbls

ARA fuel oil storage tanks at fullest in three years

The ARA's independently held fuel oil stocks have averaged **6% higher** so far this month than across April, according to Insights Global data. The region's fuel oil stocks have grown to their highest monthly level since April 2021.

The ARA hub has imported 281,000 b/d of fuel oil so far this month, up from 252,000 b/d of fuel oil imported in April, according to data from cargo tracker Vortexa. It has imported low sulphur fuel oil (LSFO) and HSFO in a 58/42 ratio, with the share of LSFO increasing this month. The UK and the US have emerged as the ARA's biggest fuel oil import sources so far this month, each accounting for 13% of the region's total imports. Nigeria has ranked third, accounting for 11% of total imports, followed by Algeria and Lithuania (10% each).

The ARA hub has exported 168,000 b/d of fuel oil this month, down from 286,000 b/d of fuel oil exported in April. The majority of fuel oil cargo volumes have departed for the US (17%), Singapore (14%), Egypt (12%), the UK (11%) and Togo (8%).

Weekly Brent developments

Front-month Brent is heading for a **1% rise** on the week amid expectations that OPEC+ will decide to extend its voluntary supply cuts at its meeting on 2 June.

Upward pressure:

Oil market participants are eagerly awaiting the outcomes of the OPEC+ meeting on Sunday. Key members of the group are expected to extend voluntary supply cuts and announce some "compensation cuts," Price Futures Group senior market analyst Phil Flynn said.

Last week, Russia's energy ministry said that the country will present a plan to compensate for exceeding its OPEC+ oil production quota in April.

The American Petroleum Institute (API) estimated that US crude oil stocks were drawn by a massive 6.49 million bbls in the week that ended 24 May.

Downward pressure:

Analysts from Saxo Bank noted that Brent futures are facing downward pressure due to worries about the US Federal Reserve's position on interest rates and its potential effects on economic growth and oil demand. The central bank is considering keeping interest rates steady at 5.25-5.50% until a 2% inflation target is achieved. A Federal Reserve survey showed that US businesses are now less optimistic about the future of interest rate cuts amid rising inflation.

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