

# Weekly Market News

29th April - 3rd May 2024

**Integr8's Steve Christy looks at the fundamentals impacting Brent and explores:**

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

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UPDATE



## Unimot and Peninsula to boost bunker supply in Poland

Polish bunker fuel supplier Unimot Paliwa and global supplier Peninsula will collaborate to expand physical bunker supply in the Polish ports of **Gdańsk** and **Gdynia**.

The duo will utilise Unimot Group's fuel terminal in the Port of Gdańsk after the facility has been redeveloped. Unimot Paliwa's estimates that the combined bunker fuel demand in the two ports has grown to around 1 million mt/year as more ships have been calling. In March, the company started physical bunker supply in the ports. Unimot Paliwa carried out its first bunker delivery in the Port of Gdynia on 11 March. It can supply LSMGO in both ports via trucks, and plans to start supplying VLSFO and HSFO with barges in Gdansk.

## Monjasa partners FAMOIL for biofuel supply in Peru

Global marine fuel supplier Monjasa and Peru-based bunker supplier Fuel and Marine Oil (FAMOIL) supplied 510 mt of **B30-VLSFO** to a Cargill-operated vessel in Peru's Port of Callao. The operation marked the first International Sustainability & Carbon Certification (ISCC)-certified biofuel supply in the South American country. The delivered blend was made up of 30% fatty acid methyl ester (FAME) and 70% VLSFO. With the new collaboration, Monjasa and FAMOIL aim to set up a scalable second-generation marine biofuel supply chain in the region. They claim to have a supply capacity of 12,000–15,000 mt/month for ISCC-certified biofuel blends in Peru. The duo will supply VLSFO- and HSFO-based biofuel blends and pure **B100** biodiesel in the location. Monjasa's new biofuel operations in Peru will complement its existing biofuel supply in Cartagena, Colombia.

## Suez Canal tanker traffic steady as Houthi attacks decline

Daily **tanker transits** through the Suez Canal seemed to **stabilise** in April amid a slowdown in the number of Houthi attacks in the Red Sea.

It has been 166 days since Yemen's Houthi rebel group began attacking commercial ships in the southern Red Sea and Bab al-Mandeb Strait. The number of Houthi attacks on commercial vessels in the Red Sea decreased considerably in April, with only six attacks reported in the region through the month. That was a significant reduction from the 2-3 attacks/week seen over the preceding months. With fewer attacks, tanker diversion numbers stopped growing. An average of 11 tankers/day passed through the Suez Canal in April, according to the IMF's PortWatch data. That was unchanged from March.

## LNG bunker prices drop in major ports again

**Rotterdam's** LNG bunker price is back at a discount to its HSFO grade after a recent price decline. The LNG price dipped \$6-8/mt lower in the past week, depending on whether estimated EU ETS costs are included in the cost of fuel. The decline mirrors the drop in the front-month NYMEX Dutch TTF Natural Gas benchmark and comes when gas storage levels are high in Europe.

Independent Commodity Intelligence Services (ICIS) reports that subdued demand due to reduced gas usage for heating in residential and commercial sectors and an unusually mild winter in some EU countries has added downward pressure on the TTF price.

**Singapore's** LNG bunker price has declined by \$7-8/mt. The bunker price drop has mirrored a decline of \$9/mt in the underlying JKM gas benchmark. While LNG remains an attractive option for bunkering in Singapore, demand softened slightly last week, a trading source said.



## Methanol vessel orderbook grows and ammonia gains 'momentum'

Classification society DNV's latest tally shows that there are now 281 confirmed **methanol**-capable vessels in operation and on order, and four new confirmed orders for ammonia-capable vessels. 12 methanol-capable vessels were ordered in April, which was more than the 10 LNG-capable vessel orders. "Momentum continues to build for **ammonia**," with four confirmed orders in April, DNV said. There are now 19 ammonia-capable vessel orders in total.



## Höegh Autoliners increased biofuel consumption in 2023

Norwegian RoRo shipping firm Höegh Autoliners bunkered **8,700 mt of biofuel blends** across its fleet of 34 vessels in 2023, it said in an annual report. This was a 127% increase from 2022. In December last year, it announced a partnership with Varo to buy 100% hydrotreated vegetable oil (HVO) biofuel for its vessels. Going forward, Höegh plans to add LNG to its fuel mix this year, followed by bio-LNG, and later ammonia from 2027.

### Rotterdam LNG bunker sales in Q1 2024

**87,000 mt**

### Rotterdam LNG bunker sales in Q4 2023

**60,000 mt**

## Rotterdam's LNG and bio-bunker sales surged in Q1

Rotterdam's fossil **LNG bunker** sales **surged by 45%** in the first quarter of 2024, while bio-blended bunker sales grew by 13%. LNG bunker sales stood at 87,000 mt in the first quarter, up from 60,000 mt sold in the fourth quarter of 2023. LNG sales in the first quarter were about 150% higher.

Around 263,000 mt of **bio-bunkers** were sold in the first quarter of 2024, an increase of 13% from the 233,000 mt sold in the previous quarter. Bio-bunker sales were at their highest since the fourth quarter of 2022. About 66% of the biofuel blends sold in the first quarter were bio-VLSFO, followed by bio-HSFO (16%), bio-ULSFO (10%), bio-MGO (5%) and bio-MDO (3%).

Comparing Rotterdam to Singapore, Rotterdam's LNG bunker sales were roughly 15% higher than Singapore's sales in the first quarter. Bio-bunker sales in Rotterdam were two times greater.

No **methanol** or **bio-LNG** sales were recorded in Rotterdam in the first quarter.

## Weekly Brent developments

Front-month Brent is heading for a massive 5% decline on the week due to a surprise build in US crude stocks and optimism about a potential ceasefire agreement in the Middle East.

### Downward pressure:

The US Federal Reserve left interest rates unchanged at 5.25-5.50% after its two-day policy meeting on Wednesday. "The fear of a more hawkish Fed and even a delay of interest rates... could slow the demand for oil," Price Futures Group's Phil Flynn remarked.

US commercial crude oil stocks rose by 7.27 million bbls on the week to 461 million bbls on 26 April, Energy Information Administration (EIA) data shows.

In the Middle East, the recent push by Egypt to revive negotiations between Israel and Palestine has raised hopes for a ceasefire agreement. This renewed effort to facilitate a peace agreement has put more downward pressure on oil prices.

### Upward pressure:

Tensions in the Middle East continued to raise concerns about oil supply disruptions. Analysts noted that Iran's attacks on Israel can prompt the US to enforce stricter sanctions on Iranian oil.

"US President Joe Biden is under pressure to increase efforts to crack down on crude exports from Iran," said ANZ Bank's senior commodity strategist Daniel Hynes.

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