

Weekly Market News

10th - 14th June 2024

The latest Bunker Quality Trends Report is out

Integr8 Fuels' Chris Turner dissects the most pressing issues in bunker fuel quality from Q1

READ
UPDATE



Loading delays tighten prompt supply in Algeciras

Bunker buyers have been struggling to secure **VLSFO** stems for prompt dates in **Algeciras** this week due to product loading delays. Bunker barges are encountering delays in loading the products from oil terminals in Algeciras, two sources said.

Two out of four suppliers there are unable to offer VLSFO for prompt dates. The earliest delivery date for VLSFO with the two suppliers in Algeciras is 21 June. One supplier can offer the grade for prompt dates, but these offers are usually priced higher, a source said. This has stretched lead times for all three grades in Algeciras, with 5-7 days recommended for HSFO and LSMGO, and 8-10 days for VLSFO, up from the 2-4 days advised for all grades last week.

Vopak, Green Marine to develop green methanol storage

Danish maritime firm Green Marine Group and storage terminal operator Vopak plan to develop **green methanol** storage facilities to support bunkering in the Chinese ports of **Shanghai** and **Tianjin**. Green Marine wants to cater to green methanol demand from ships in China.

The partnership was announced just days after Vopak announced plans to repurpose some of its existing storage tanks in Tianjin, which is located in northern China, for alternative fuels such as green methanol. Green Marine also intends to use Vopak's storage terminals in Singapore. Last month, dual-fuel ships operated by X-Press Feeders and Proman were bunkered with methanol at the Vopak Penjuru Terminal in Singapore. The total global methanol-fuelled fleet is currently only made up of 35 vessels. But it is set for fast growth with another 184 expected to join the fleet by 2026, according to DNV data.

Antwerp's bunkering unaffected by recent oil spill - sources

An **oil spill** incident was reported in Antwerp's Deurganck dock on Thursday last week, according to the Port of Antwerp-Bruges authority.

The impact of the incident was confined to the Deurganck dock area. Bunkering has not been much affected by the oil spill, two sources said. The clean-up activity caused slight delays, but bunkering has not been impacted, according to one source.

Bunker barges are allowed to carry out operations such as loading and unloading of products and bunkering, according to the port authority's latest update.

Quays on both sides of the dock are still being cleaned out. Supply is normal in the port and lead times of 3-5 days are recommended across all grades, a trader said.

Aiming for high pilot fuel ratio in new methanol engines

Caterpillar Marine, the marine unit of US-based engine maker Caterpillar, is targeting a **methanol-to-diesel pilot fuel ratio** that is as "high as possible" and "in the widest operating band," Will Watson, global product director at Caterpillar Marine told ENGINE.

It will conduct a field test of its methanol dual-fuel engine with Damen Shipyards Group in 2026. The engine maker claims that it will target "the highest methanol substitution while meeting regulated emissions" in its methanol dual-fuel engine. "Our design approach is to meet regulated emissions in both diesel-only mode as well as dual-fuel mode. We are working toward the largest energy substitution of methanol while meeting emission standards," Watson said to ENGINE. In methanol-powered combustion engines, a small amount of pilot fuel, like diesel, is needed for ignition. The use of pilot fuel is critical, as methanol burns slower than fossil marine fuels due to its low cetane number.



Itochu explores green ammonia offtake agreement in Egypt

Japanese firm Itochu Corporation considers buying **green ammonia** from Saudi-listed renewable energy firm ACWA Power's production plant in Egypt. Itochu will become a co-developer and offtaker of the upcoming facility, which is slated to have a production capacity of 600,000 mt/year. It intends to use the sourced green ammonia for bunkering in the Suez Canal. However, it has not disclosed how much of the fuel it is planning to buy.



Ardmore to test additive for better fuel efficiency

New York-listed shipping firm Ardmore Shipping has partnered with fuel tech firm Fuelre4m to test a **fuel additive with VLSFO** on its vessel Ardmore Seahawk. The trials will be conducted over a three-month period, during which Ardmore Shipping will see whether the additive can reduce fuel consumption and be stable when it is blended with VLSFO. Fuelre4m claims that the additive can help reduce fuel consumption by 15-20%.

Fujairah fuel oil stocks in June

10.07m bbls

Fujairah fuel oil stocks in May

9.91m bbls

Fujairah's fuel oil stocks up 2% despite higher exports

Fujairah's fuel oil stocks have averaged **2% higher** so far this month than across May, Fujairah Oil Industry Zone (FOIZ) and S&P Global data show.

According to cargo tracker Vortexa, Fujairah has imported 279,000 b/d of fuel so far in June, down by a significant 109,000 b/d from May. In the same time frame, the port's fuel oil exports have surged by 87,000 b/d to 357,000 b/d. This has tilted the port's trade balance into net exports this month.

Iran (43%) has been the source of almost half of Fujairah's total fuel oil imports, followed by Iraq (30%) and Bahrain (14%). The bulk of fuel oil cargoes departing from the port have headed to Malaysia (37%), followed by Saudi Arabia and Yemen (8% each).

Fujairah's middle distillate stocks have also risen, averaging 3% higher on the month.

Prompt availability of all bunker fuel grades remains limited in the UAE port, with most suppliers requiring lead times of 5-7 days.

Weekly Brent developments

Front-month Brent is set to **gain nearly 4%** on the week after the US Federal Reserve (Fed) signalled an interest rate cut this year and OPEC maintained its oil demand growth forecast.

Upward pressure:

The US Fed left interest rates unchanged at its two-day policy meeting which concluded on Wednesday, but indicated that there will be at least one rate cut later this year. Lower interest rates tend to boost oil demand growth as it improves risk appetite for dollar-denominated commodities like oil.

OPEC maintained its oil demand growth forecast and projected global oil consumption to rise by 2.3 million b/d in the second half of 2024, driven by Chinese demand.

Downward pressure:

US commercial crude oil stocks rose by 3.73 million bbls to 460 million bbls in the week that ended 7 June, the US Energy Information Administration data shows.

Oil prices came under further pressure after the International Energy Agency (IEA) lowered its forecast for 2024 global oil demand growth to 960,000 b/d. The IEA has "warned that oil supply will overwhelm the market in coming years as the shift away from fossil fuels causes demand to hit a plateau," ANZ Bank's senior commodity strategist Daniel Hynes said.

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