

Weekly Market News

22nd-26th July 2024

Hot off the press: Integr8 Research's latest report

We may be in an oil-dominated bunker market for at least another 10 years; but we cannot stand still!

READ
UPDATE



Typhoon Gaemi halts bunkering in China and Taiwan

Bunker operations in Taiwanese ports have been **suspended** since Wednesday due to Typhoon Gaemi-induced bad weather, a source said. After hitting the northeastern coast of Taiwan in Yilan County in the early hours of Thursday, Gaemi is now heading towards Fuzhou in China's Fujian province, according to Chinese weather agency Central Weather Administration. Bunker deliveries are expected to resume on Friday in major Taiwanese ports including Hualien, Kaohsiung, Taichung and Keelung. This could extend recommended lead times for stems to about four days, a trader said. The typhoon has also disrupted bunkering in China's Zhoushan, where operations have been suspended since Monday.

More Panama Canal vessel transits fail to lift bunker sales

Panama's bunker fuel sales **dropped by 3%** in June despite **more vessel transits**, industry sources said. The Panama Canal Authority raised the number of daily vessel transits from 27 in May to 32 in June to alleviate shipping delays.

The number of bunker calls rose last month as more ships passed by Balboa and Cristobal on their way to transit the canal. But **shorter waiting times** by either side of the canal meant that transiting ships picked up smaller stems. This contributed to dent bunker sales volumes.

"The vessels are not waiting for a long time between their arrival and their transit time, which causes a decrease in bunker delivery," a manager at Waterfront Maritime Services said.

The average waiting time in May was 3.8 days, which decreased to 1.5 days in June, according to Panama Canal Authority. That also meant that ships consumed less fuel in waiting.

Stone Oil hikes bunker rates in New Orleans

Bunker prices in **New Orleans** are set to rise as bunker supplier John W. Stone Oil Distributor implements a new flat rate from 15 August. The flat rate will rise from whichever is greater of \$15,436 and \$14.29/mt, to whichever is greater of \$16,980 and \$15.72/mt. This means an increase of at least **\$1,544 or \$1.43/mt**. This rate will be added to the bunker cost and will only apply to Stone Oil's deliveries. The cost of bunkering also depends on where a vessel drops anchor along the Mississippi River. While the majority of vessels aim to anchor in-port (Mile 76 to Mile 120) to avoid additional fees, some may have to anchor further out if space is unavailable, a source said. Unlike several other suppliers in the area, Stone Oil operates its own barges and does not rely on third-party barging firms to deliver stems, another source said.

EU to impose tariffs on Chinese biodiesel imports

The European Commission announced on 19 July that it will impose **provisional duties** of up to 36.4% on **biodiesel imports** from China. This follows an investigation launched by the commission last December following allegations of Chinese biodiesel dumping into the EU market. Some of the EU-based biofuel producers submitted evidence claiming that Chinese biofuel imports were priced artificially low, rendering it hard for them to compete fairly. The European Biodiesel Board (EBB) welcomed the EU move to impose provisional duties on Chinese biodiesel imports. "Our European businesses have been suffering for far too long under the pressure of unfairly priced Chinese imports and we are very happy to see the European Commission take action," the president of EBB said. The EU's provisional tariffs will come into effect from 16 August, but its investigation will continue until February, when definitive duties for five years could be set.



ABS weighs in on how ammonia bunkering can be done safely

Conducting risk assessments and implementing safety measures should be top priorities during ammonia bunkering, according to the American Bureau of Shipping. Bunker supply equipment should be **free of ammonia** when not engaged in bunkering to avoid leakages, it recommends. It should be treated with an inert gas like nitrogen to control moisture and then gassed up to replace the inert gas with ammonia vapor, before starting bunker operations.



Port of Marseille to host new e-methanol plant by 2030

Renewable energy firm H2V Industry plans to build an **e-methanol plant** in the French Port of **Marseille** to meet future shipping demand. The facility will comprise six green hydrogen production units, each with a nameplate capacity of 84,000 mt/year, and one e-methanol unit with a capacity of 140,000 mt/year. The entire e-methanol output will be supplied as bunker fuel to ships. The plant is expected to become fully operational by 2030.

Implied US fuel oil demand in July

287,000 b/d

Implied US fuel oil demand in June

228,000 b/d

US fuel oil production rises amid higher implied demand

US fuel oil supply, or implied demand, has **surged by 26%** so far this month compared to the June average, marking the highest level in three months, according to data from the Energy Information Administration (EIA).

More fuel oil has been supplied from the US storage tanks to outlets like bunker fuel blenders and bulk terminals, refinery coking units for upgrades to higher-value products, or to power generation this month. Supply, or implied demand, has grown from an average of 228,000 b/d across June to 287,000 b/d this month.

The country's fuel production has also gone up, gaining by 12% from June's 289,000 b/d to 324,000 b/d so far in July. Gulf Coast refiners have led the increase and produced 27% more fuel oil this month. US fuel oil stocks have declined by 5% this month to its lowest level in six months. Fuel oil inventories in the East Coast and Gulf Coast regions have declined by 15% and 6%, respectively.

Weekly Brent developments

Front-month Brent is on track to **drop by 2%** on the week amid growing expectations of a ceasefire in Gaza and the ongoing concerns about slow oil demand growth in China.

Downward pressure:

In his address to the US Congress on Wednesday, Israel's Prime Minister Benjamin Netanyahu outlined plans to gradually cease military operations on the Gaza Strip. The US, Egypt and Qatar are proactively endorsing a phase-out plan to end Israel's military operations in Gaza. This could ease supply concerns in the global oil market.

Signs of an economic slowdown in China have raised concerns about oil demand growth in the country. China's gross domestic product grew by 4.7% in the second quarter of this year, down from the 5.3% growth recorded in the previous quarter.

Upward pressure:

Brent's price found some support after the US Energy Information Administration (EIA) reported a drop in crude stocks. Commercial US crude oil inventories dropped by 3.74 million bbls to 436 million bbls in the week ending 19 July. The drawdown in stockpiles reported by the EIA "was the fourth straight decline and brings total stockpiles down to the lowest level since February," ANZ Bank's senior commodity strategist Daniel Hynes remarked.

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