

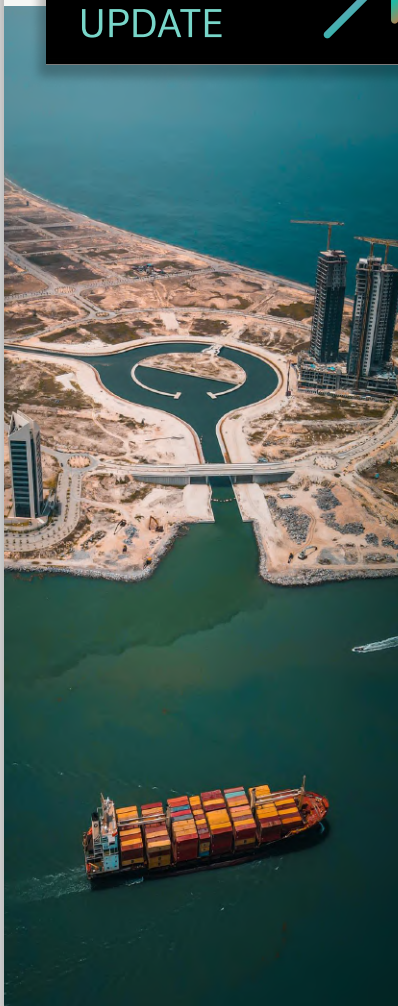
Weekly Market News

8th-12th July 2024

A major reversal in speculative positions in the oil market is taking place

Check out Integr8 Research's latest on what drives bunker prices now

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UPDATE



Fratelli orders bunker tankers for biofuel and methanol

Bunker supplier Fratelli Cosulich has ordered two methanol-ready 7,999-dwt IMO Type 2 chemical bunker tankers. Both vessels will be able to deliver **methanol** and **biofuel blends** up to B100 (100% biofuel) to ships, including the most common B24 and B30 biofuel blend ratios. The vessels are scheduled for delivery in 2026, but exactly where has not been specified yet. By methanol-ready, Fratelli means that they will have space allocated onboard if it decides to install methanol fuel tanks and engines in the future.

Fratelli already has one IMO Type 2 tanker in its fleet and another on order for delivery next year. These tankers are designed to transport moderately hazardous chemicals like biofuels.

Monjasa adds two tankers for bunkering in West Africa

Global bunker supplier Monjasa has added a pair of bunker tankers to aid its **West Africa bunker operations**. The 7,858-dwt bunker tanker Monjasa Hunter will be used to cater to bunker demand from offshore oil and gas vessels in the West Africa region.

The 110-metre-long Monjasa Hunter is small enough to manoeuvre alongside oil rigs and platforms. This will add "flexibility for the offshore oil and gas operators from the Gulf of Guinea down to Namibia," Monjasa said.

Additionally, the 17,200-dwt bunker tanker Monjasa Rover will replace the Monjasa Thunder, which was redeployed from West Africa to Panama in June. This barge capacity increase is in response to recent demand increase in West Africa, driven by cargo ships rerouting around the Cape of Good Hope to avoid Houthi attacks in the Red Sea, Monjasa said.

Molgas conducts first STS bunkering in Drammen

Spanish LNG company Molgas recently supplied an undisclosed amount of fossil LNG to Norway-based roll-on/roll-off (ro-ro) shipping line **UECC's** vehicle carrier Auto Achieve. The stem was delivered via the bunker barge Pioneer Knutsen in Norway's port of Drammen. The operation marked Molgas' first ship-to-ship (STS) bunkering operation in Drammen and also the first "home" supply of LNG by barge for UECC.

Molgas has actively been **scaling** its LNG operations across Europe. In April, the company bunkered a ro-ro vessel with fossil LNG in the port of Trapani, Italy. In February, it carried out LNG bunkering operations in the Belgian ports of Zeebrugge and Antwerp. In the same month, it conducted its inaugural LNG bunkering operation in the French port of Honfleur.

Backlogs from stormy weather in South African ports

High swells are forecast in **Cape Town** until Saturday, while **Port Elizabeth's** container terminal is experiencing heavy congestion, says South Africa's ports authority. Transnet National Ports Authority (TNPA) has deployed vessels on standby to assist ships wherever needed. Strong gale-force wind gusts of up to 50 knots have been forecast in certain South African port areas, according to a recent update from the TNPA. Swells of more than three metres have kept vessel traffic suspended in some South African ports, including Cape Town. Port Elizabeth is congested at one of its terminals, while Cape Town had a backlog of three vessels at berth on Wednesday, the TNPA said. But there has not been any impact on bunkering so far and no diversion of bunker demand has been noticed, a source told ENGINE.



Operations resume in Gulf Coast ports as Hurricane Beryl passes

Houston's port operations resumed on Wednesday after being shut down for nearly three days due to Hurricane Beryl. There are **still some restrictions** in place. Only ships with drafts of up to 35 feet can access the port, and only during daylight hours. Operations in multiple Gulf Coast ports, including Houston, Galveston, Freeport, Texas City and Corpus Christi were suspended on Sunday as Hurricane Beryl came closing in.



Terntank takes dual-fuel methanol tanker order tally to five

Swedish shipping firm Terntank has exercised its option to order one more dual-fuel **methanol tanker** from China Merchants Jinling Shipyard, taking its order tally at the yard to five. Terntank placed an order for three dual-fuel methanol tankers last year, followed by another one in March 2024. The first vessel in the series is scheduled for delivery in March 2025. These ships will be able to run on methanol and conventional marine fuels.

Implied US fuel oil demand in July

318,000 b/d

Implied US fuel oil demand in June

228,000 b/d

Implied US fuel oil demand surges this month

US fuel oil supply, or implied demand, **jumped by 39%** in the first week of July compared to the June average, according to data from the Energy Information Administration (EIA).

More than 300,000 b/d of fuel oil was drawn from storage in the first week of July for various uses, including blending for bunker fuel, supply to bulk terminals, refinery upgrades and power generation.

Fuel oil production in the US has also increased by 16%, from June's 289,000 b/d to 336,000 b/d so far in July. Gulf Coast refiners have led the increase and produced 31% more fuel oil this month, followed by East Coast refiners that have produced 9% more fuel oil.

Refinery utilisation across the US has continued its upward trend, hitting an average of 95% in July, up from 94% in June and 92% in May. UBS analyst Giovanni Staunovo told ENGINE that elevated refinery runs were expected due to more demand, but that the recent hurricane may impact next week's data.

Weekly Brent developments

Front-month Brent is heading for a **1% fall** on the week amid concerns about higher interest rates in the US. But strong global oil demand forecasts have put a floor under Brent's price fall.

Downward pressure:

US Federal Reserve chairman Jerome Powell said on Tuesday that more work is needed to bring inflation in the US below the targeted 2% level. Powell "did not suggest imminent rate cuts, contributing to the decline in oil prices," Saxo Bank analysts said. Higher interest rates typically dampen demand for dollar-denominated commodities like Brent.

Concerns over supply disruptions in the US subsided after Hurricane Beryl made minimal damage to Gulf Coast energy infrastructure when it made landfall this week.

Upward pressure:

OPEC has forecast global oil demand to grow by 2.25 million b/d in 2024, and by 1.85 million b/d in 2025, on the back of strong economic growth. The EIA has predicted a much smaller 1.1 million b/d increase in global oil demand in 2024.

Commercial US crude oil stocks dropped by 3.44 million bbls to 445 million bbls in the week ending 5 July, EIA data shows. The EIA reported a larger-than-expected drop in crude stockpiles, analysts said.

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