

Weekly Market News

12th - 16th August 2024

Integr8 Research's Steve Christy analyses the bunker fuel market years ahead and argues that

Alternative fuels could dominate the sector

READ
UPDATE



EU tariffs unlikely to boost near-term biodiesel prices

Some sources say that more Chinese used cooking oil methyl ester (UCOME) may flow into Singapore due to **provisional duties** imposed on **Chinese biodiesel** imports by the European Union (EU). This could, in turn, put downward pressure on Singapore's bio-bunker prices. In Europe, anti-dumping duties on Chinese biodiesel imports are unlikely to have a bullish effect on biodiesel prices in the short term, price reporting agency PRIMA Markets says. PRIMA argues that "the Chinese market is waiting for the provisional anti-dumping duties by the European Commission to be set in stone, with trading restrictions on the likes of UCOME...expected by mid-August [16 August]".

TotalEnergies delivers first B100 biofuel in Singapore

Bunker supplier TotalEnergies Marine Fuels delivered a **B100 biofuel stem** to a car carrier in Singapore last week. The company supplied 700 mt of biofuel made up of 100% UCOME to South Korean Hyundai Glovis' vehicle carrier Glovis Cosmos.

The operation marked the first B100 biofuel delivery by TotalEnergies in Singapore.

The biofuel was delivered by Global Energy's **IMO type 2** chemical bunker tanker Maple.

The Maple's classification as an IMO type 2 chemical tanker allows it to carry biofuel blends up to B100 (100% biofuel), while other bunker tankers (oil tankers) are generally only allowed to carry biofuel blends with a maximum biofuel concentration of 25%, according to International Maritime Organization (IMO) rules. Vitol Bunkers is another Singapore supplier that has invested in chemical bunker tankers to offer blends with higher biofuel percentages.

Hurricane Ernesto disrupts bunkering in Puerto Rico

Hurricane Ernesto, which formed earlier this week, intensified into a **Category 1 hurricane** on Wednesday, with wind speeds reaching 80 miles/hour by nightfall, according to the National Weather Service (NWS). The hurricane is projected to strengthen further on Friday.

In response to this, ports in **Puerto Rico** and the **US Virgin Islands** have been closed since Tuesday. The US Coast Guard implemented "port condition Zulu" on Tuesday evening, effectively suspending all port operations. This status is enacted when gale-force winds are expected within 12 hours. Puerto Rico and the US Virgin Islands are both located in the Caribbean Sea and have around 11 seaports, with the largest being the Port of San Juan. The NWS does not forecast that Ernesto will make landfall on the US mainland.

Push to add wind energy in IMO calculation

Wind energy generated for propulsion on ships should be fully accounted for in **greenhouse gas fuel intensity (GFI)** calculations, the International Windship Association (IWSA) wrote in its proposal to the IMO. IWSA is a non-profit focussing on adoption of **wind-assisted propulsion** systems by commercial ships. GFI measures the total GHG emissions released into the atmosphere based on the amount of energy used by a ship. IWSA noted that wind energy delivered to a ship must be considered when calculating its GFI, since wind assistance can reduce a vessel's GHG emissions by lowering its fuel consumption.

The use of wind assistance onboard ships "makes it possible to reduce GHG emissions by replacing fossil fuel energy with direct renewable energy," IWSA said. It suggests a formula to include onboard wind power in GFI calculations. This proposal is expected to be discussed at the IMO's 82nd Marine Environment Protection Committee (MEPC 82) meeting in September.



LNG bunkered during cargo operation in South Korea

Korea LNG Bunkering, a subsidiary of Korea Gas Corporation, bunkered one of CMA-CGM's container ships with 300 mt of fossil LNG while it unloaded cargo in the South Korea's Port of **Busan**.

This is also called simultaneous operations (**SIMOPs**) and is meant to reduce the docking time for vessels in port. The LNG bunker barge Blue Whale performed the operation, marking South Korea's first container ship SIMOP.



STAX to capture emissions from tankers in Los Angeles

Shell's subsidiary Equilon Enterprises has inked a deal with emission reduction technology firm STAX Engineering to capture and filter **exhaust emissions** from its tanker vessels at Shell's Mormon Island Terminal in the Port of Los Angeles. STAX's technology captures exhaust gases such as nitrogen oxides and particulate matter from a vessel's funnel by connecting it to a barge, a small flat-bottomed ship, or a land-based exhaust-gas treatment system.

Panama bunker sales in July

437,000 mt

Panama bunker sales in June

386,000 mt

Panama bunker sales rose to 16-month high in July

More vessels arriving to bunker contributed to push Panama's total bunker sales **up by 13%** in July. The number of ships bunkering in Panama's ports rose by a massive 57 on the month, to 573 in July. This was the highest figure since October last year. The average stem size was roughly 762 mt in July, up by 14 mt from June, according to preliminary figures from the Panama Maritime Authority.

In July, sales of LSMGO and VLSFO increased by 9% each. HSFO sales increased by 20% on the month and were at their highest level since April 2022. Two barges were added in Panama, bringing the total count to 31 barges in July.

VLSFO continued to be the most sought-after product, accounting for 61% of total sales in the first seven months of this year. Demand for VLSFO and LSMGO was good in Panama's ports of Balboa and Cristobal last month. Product availability was also normal, and most suppliers were able to supply both fuel grades with a lead time of 4-5 days.

Weekly Brent developments

Front-month Brent is on track to **rise by 2%** on the week amid hopes of a potential interest rate cut by the US Federal Reserve (Fed) in September and persistent tensions in the Middle East.

Upward pressure:

Inflation in the US, measured by the change in the Consumer Price Index, declined from 3% in the year to June, to 2.9% in the year to July. "The latest CPI readout delivered a measured sigh of relief on the disinflation front, aligning neatly with market forecasts and further greasing the wheels for a potential rate cut come September," SPI Asset Management's Stephen Innes said.

Brent's price gained more support due to growing tensions in the Middle East.

The US Department of Defense deployed additional naval forces in the oil-rich region, after the killings of senior Hamas and Hezbollah leaders escalated the conflict between Israel and Iran.

Downward pressure:

Commercial US crude oil inventories rose by 1.36 million bbls to 431 million bbls in the week ending 9 August, after dropping for six straight weeks.

The International Energy Agency (IEA) has forecast world oil demand growth to be less than 1 million b/d in both 2024 and 2025. The slow pace of demand growth can largely be attributed to "lacklustre macroeconomic drivers," the IEA said.

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