

Weekly Market News

19th - 23rd August 2024

Hot off the press: Integr8 Research's latest report

VLSFO prices are close to recent lows and could be even lower next year.

READ
UPDATE



China may boost local biofuel supply as EU tariffs hit

China is expected to take swift measures to promote **biofuel bunkering** in the country after the European Union (EU) tariffs on Chinese biodiesel imports came into force on 16 August, according to some sources.

"I anticipate that there will be mandatory [biofuel blending] measures and incentive policies in the future," said Will Wong of Chinese marine biofuel producing firm Liaoning Tongde. "Chinese biodiesel enterprises face unprecedented challenges, and it's time to make some changes for survival," Wong added. Besides, more Chinese used cooking oil methyl ester (UCOME) may flow into Singapore due to these provisional duties, sources said.

Agunsa ventures into Argentina's biofuel bunker market

Chile-based maritime firm Agunsa has started offering **biofuel bunkering in Argentina**, a country where sustainable biofuels are not yet widely used in the maritime sector.

Agunsa's subsidiary, Total Bunkering, has partnered with a local supplier to offer UCOME-derived biofuel blended with VLSFO or LSMGO, certified by the International Sustainability and Carbon Certification (ISCC). Biofuel blends can be delivered by truck to several ports, including San Nicolás, Campana, San Pedro, and Rosario—which are located within the Buenos Aires and Santa Fe provinces. "In this first stage, we aim to start with boutique volumes, so our customers can prove the quality of our products delivered by truck, but as the demand keeps growing, we intend to adapt our supply to the larger volumes that are usually requested for Zona Comun via barge transport," Total Bunkering's business manager Ariel Gryner told ENGINE.

Proman ramps up methanol bunkering in Trinidad

Methanol producer Proman is set to achieve a total of **12,500 mt of methanol** bunkered volume at the Port of Point Lisas in Trinidad by the end of this month.

Proman bunkered a chemical tanker, Stena Prosperous, with methanol at the port on 16 August. Another chemical tanker, Stena Pro Patria, is scheduled for bunkering at the same port later this month. With the two vessels refuelling this month, the total volume of methanol supplied by Proman in the port will reach 2,100 mt for August and 12,500 mt in the past 12 months, Proman said. The grey methanol was supplied from Proman-operated plants in Trinidad. The infrastructure readiness for methanol bunkering at the port and the readily available supply highlight Trinidad's potential as a "methanol bunkering hub," it said.

South Korea wants to remove water from BDNs

In its proposal to the 82nd session of the IMO's Marine Environmental Protection Committee (**MEPC 82**), South Korea has sought the removal of water component from the bunker delivery notes (BDNs) used to determine a vessel's **Carbon Intensity Indicator (CII)** rating. As per the International Standard Organisation's (ISO) 8217 2017 fuel standard document, the maximum water content by volume has been set at 0.5% for marine residual fuels. Including this water content data in the BDNs can elevate fuel consumption figures and downgrade CII ratings, South Korea argues. The country's proposal states that water content should be subtracted from fuel oil consumption calculation to improve a ship's CII rating. The CII rating, which assesses a vessel's carbon emission intensity over a period of time, is scored in the range A-E, with A indicative of good performance. South Korea's proposal will be discussed at the IMO's MEPC 82, which will convene in London between 30 September and 4 October.



NYK Bulk to charter methanol dual-fuel bulk carrier newbuild

NYK Bulk & Projects Carriers, a subsidiary of Japan's shipping major NYK Line, has inked a deal with dry bulk operator Kambara Kisen to charter a **methanol dual-fuel** bulk carrier. The vessel will be able to run on both methanol and conventional marine fuels. It will be the first methanol dual-fuel bulk carrier to be operated by the NYK Group, NYK Line said. The ship is currently under construction and is expected to be delivered in spring 2025.



Maersk joins nuclear marine propulsion study

A.P. Moller-Maersk has joined a consortium to conduct a study on **nuclear maritime propulsion**. The consortium comprises classification society Lloyd's Register, UK-based maritime tech firm CORE Power and an unspecified "leading" port authority. The study will assess the regulatory requirements and safety standards needed to operate a nuclear-powered feeder ship in a European port, classification society Lloyd's Register said.

Fujairah bunker sales in July

611,000 mt

Fujairah bunker sales in June

600,000 mt

Fujairah's HSFO sales rose to four-month high in July

A spike in HSFO sales contributed to lift Fujairah's total **bunker sales higher** in July than across June, according to data compiled by Fujairah Oil Industry Zone (FOIZ) and S&P Global Commodity Insights.

In July, HSFO sales increased by 27,000 mt to reach 176,000 mt, marking their **highest level** since March. The daily sales volume of HSFO rose to approximately 5,700 mt/day, up from about 5,000 mt/day in June.

Sales of the most in-demand product, VLSFO, declined by 4%—the lowest since February. LSMGO sales remained stable, maintaining June's volume of around 26,000 mt.

Overall, the port's total bunker sales for July were 6% higher than in the same month last year. Prompt availability of all bunker fuel grades is currently limited in Fujairah, with most suppliers recommending lead times of 5-7 days. However, bunker fuel demand has been sluggish in the UAE port in the past few weeks, according to sources.

Weekly Brent developments

Front-month Brent is set to **drop 4%** on the week amid growing expectations of a ceasefire in Gaza and the ongoing concerns about slow oil demand growth in China.

Downward pressure:

China's oil demand fell by 8% year-on-year to 13.55 million b/d in July, according to the country's General Administration of Customs (GACC).

In the Middle East, a ceasefire deal agreed upon by Israel has further eased supply concerns and weighed on oil prices, analysts said. The agreement, proposed by the US, aims to end violence in the Gaza Strip and de-escalate tensions between Israel and Hamas. "A de-escalation of tensions in the Middle East would likely see the geopolitical risk premium evaporate quickly," ANZ Bank's senior commodity strategist Daniel Hynes remarked.

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 stocks dropped by 4.65 million bbls to 426 million bbls in the week ending 16 August – the lowest since January. "[Brent] crude had a brief rally after US government data showed a significant drawdown in inventories," SPI Asset Management's managing partner Stephen Innes said.

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