

Weekly Market News

29th July - 2nd August 2024

Integr8 Research's Steve Christy looks at the next few decades and argues that

The drive to alternative bunker fuels must continue

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UPDATE



Chinese bunker sales grew on diverted ships - JLC

China's **bonded bunker fuel** sales totalled 10.16 million mt in the first half of the year, **up 9%** from the same period last year, market intelligence provider JLC reported.

"Global shipping demand was relatively fair in H1, and some ships were redirected amid the Red Sea conflict, pushing up China's bonded bunker fuel sales," JLC said.

China's domestic refiners raised their VLSFO production, further supporting bunker sales. VLSFO made up 77% of China's total bonded bunker fuel sales, while HSFO and MGO accounted for 17% and 6%, respectively. There are 36 licensed bonded bunker suppliers in China, of which five are national license holders and 31 are regional license holders.

TFG ramps up biofuel and methanol supply in Singapore

Global bunker supplier TFG Marine has signed a long-term charter agreement with Consort Bunkers for four newbuild chemical bunker tankers. They will be deployed in Singapore and delivered from later this year and into next year. The tankers will have conventional diesel engines, a TFG Marine spokesperson told ENGINE.

The vessels will be **IMO Type 2 chemical tankers**, which are designed for transporting moderately hazardous chemicals according to International Maritime Organization (IMO) standards. All four vessels will be able to carry conventional bunker fuels like HSFO, VLSFO and MGO, as well as biofuel blends of up to B100 (100% biofuel). They can also deliver methanol to ships. The vessels will be equipped with mass flow meters, which are mandated by the Maritime and Port Authority of Singapore.

Zona Comun bunker barge back in operation

The **bunker barge** Gustavo U started supplying fuel again in Zona Comun on Monday after undergoing maintenance since 5 July. The return of the bunker vessel is expected to **alleviate the supply tightness** in the area. The barge was initially slated to return to service after 10 days of maintenance, but did not resume operations immediately after it was brought to the berth on 15 July due to extra maintenance demands. This halved the supply capacity for a key supplier at the location, which relies on two bunker vessels: Gustavo U and Nany. Gustavo U's return is expected to ease the pressure of limited barge availability in the area, which had contributed to a supply crunch and caused bunkering delays in Zona Comun. Bunker delays could persist as high winds have more recently capped reloading speeds at oil terminals, a source said.

Avenir delivers mass-balanced bio-LNG in Sweden

LNG bunker supplier Avenir LNG bunkered a ferry operated by Destination Gotland with an unknown amount of **bio-LNG** in the Swedish port of **Visby**.

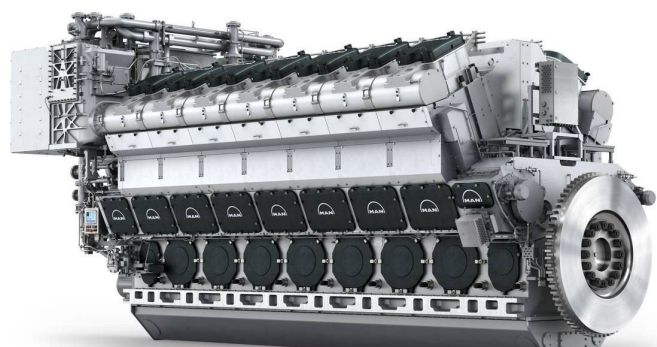
"The bio-LNG that was delivered to Destination Gotland came from the Fluxys LNG terminal in Zeebrugge. It was produced on a mass-balancing basis, which is the standard way to do it for marine customers," Avenir LNG's commercial LNG bunker director Jan Schubert told ENGINE.

"Physical bio-LNG is too expensive and is not available in sufficient amounts," Schubert said. Mass balancing is a method to track sustainable feedstocks in the supply chain, allowing for the blending of renewable and non-renewable materials while keeping an accurate tally of each. By quantifying the amount of sustainable feedstock used during production, distribution, blending and bunkering, it ensures that the blended fuel's claimed sustainability matches the actual amount of sustainable feedstock used.



GEFO Shipping orders two methanol-ready chemical tankers

Germany-based GEFO Shipping has ordered a pair of **methanol-ready** chemical tankers from Nantong Xiangyu shipyard in China. Methanol-ready means that the vessels will not be capable of running on methanol upon delivery, but they will have the option to be retrofitted for methanol propulsion in the future. This implies they will likely run on fossil-based marine fuels upon delivery. The two ships are scheduled for delivery in 2026 and 2027.



MAN ES to offer methanol retrofits for marine engines from 2025

German engine maker MAN Energy Solutions (MAN ES) will offer a **methanol retrofit kit** for its four-stroke marine engines starting next year. The kit will enable its existing four-stroke marine engines to run on methanol as well as conventional fuels. "In this context, we have already received numerous retrofit inquiries from customers interested in switching to methanol," said Stefan Eefting, head of MAN PrimeServ Germany.

Rotterdam LNG bunker sales in Q2 2024

98,000 mt

Rotterdam LNG bunker sales in Q1 2024

87,000 mt

Comebacks for bio-LNG and bio-methanol in Rotterdam

Rotterdam's fossil LNG bunker sales increased by 13% between the first and second quarters, while bio-blended bunker sales dipped by 11%.

The port's **fossil LNG** bunker sales hit 98,000 mt in the second quarter, up from 87,000 mt. Total **bio-blended** bunker sales stood at 234,000 mt. Bio-VLSFO accounted for 68% of the total bio-blended bunker volumes, followed by bio-ULSFO (15%) and bio-HSFO (14%). Demand was much lower for bio-MGO (2%) and bio-MDO (1%).

Rotterdam's bio-blended bunker sales were roughly 45% higher than Singapore's sales in the second quarter, while its fossil LNG bunker sales were 28% lower than the 136,000 mt sold in Singapore.

Bio-methanol was sold for this first time this year, with 950 mt in the second quarter.

Bio-LNG was sold for the first time since 2021. The Hapag-Lloyd ship Brussels Express was bunkered with 890 mt of bio-LNG in April.

Weekly Brent developments

Front-month Brent is heading for a **1% drop** on the week as China fails to pick up economic growth to convince the market of robust demand ahead.

Downward pressure:

Analysts from Saxo Bank noted that Brent futures are facing downward pressure due to concerns about sluggish demand growth in China. The country's purchasing managers' index (PMI), a key indicator of manufacturing activity, slipped to a five-month low in July, easing to 49.4 from 49.5 in June, its National Bureau of Statistics (NBS) reported.

Upward pressure:

Geopolitical tension escalated in the Middle East after the assassination of Hamas leader Ismail Haniyeh at his residence in Tehran on Wednesday. This news came immediately after a senior commander of the Lebanon-based Hezbollah militant group was reportedly killed in an Israeli missile strike in Beirut. These developments have raised concerns about oil supply disruptions in the Middle East. "The region and oil market will now be on tenterhooks to see how and if Iran retaliates," analysts from ING Bank said.

Brent's price gained more support after the US Federal Reserve chairman Jerome Powell affirmed that an interest rate cut in September is "on the table."

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