

# Weekly Market News

5th - 9th August 2024

**Integr8 Research's Steve Christy analyses the bunker fuel market decades ahead and believes that**

The sector must move ahead on a low carbon path

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UPDATE



## Panama increases draft limit for Neopanamax vessels

The Panama Canal Authority has **raised** the maximum authorised **draft limit** for vessels transiting the Neopanamax locks to 49 feet, up from the previous limit of 48 feet. This change, driven by the current and projected water levels of Gatun Lake, will enhance the canal's efficiency in handling maritime traffic, the authority said. Starting in September, the Panama Canal will also increase the number of daily transit slots from 34 to 36. In addition, a new Long-Term Slot Allocation (LoTSA) method for Neopanamax vessels was introduced last week. In the new system, shipping firms can book multiple transit slots in advance, and in one transaction, unlike earlier when only a short period between booking and transit was allowed.

## Bunker One launches physical supply in Sepetiba OPL

Bunker One is set to expand its Brazilian operations with the introduction of a new ship-to-ship (STS) **bunkering service** in the Sepetiba outer port limit (OPL) area.

Sepetiba OPL is an offshore area located between the ports of Santos and Rio de Janeiro.

Bunker One has partnered with Acelen, Brazil's largest private refiner, and will offer **VLSFO** and **LSMGO** from mid-August onwards.

The duo will supply bunkers to vessels, including general cargo ships, bulk carriers, and tankers, providing a new fuelling option for ships sailing to and from the ports of Santos and Rio de Janeiro, as well as routes in the southeast Atlantic. The bunker tanker MT China Spirit will be relocated from Itaqui to Sepetiba OPL. Bunker One does not offer bunkering in Santos and only provides LSMGO in Rio de Janeiro.

## Gasum supplies bio-LNG to Equinor vessel in Norway

Finnish state-owned energy company Gasum has started supplying bio-LNG regularly with mass balancing. It started supplying stems to the Equinor-chartered platform supply vessel Island Crusader in the Norwegian port of **Dusavik** in July. The vessel was bunkered with ISCC EU-certified mass-balanced bio-LNG.

**Mass balancing** is a method used to track sustainable feedstocks in the supply chain, enabling blending of renewable and non-renewable materials while keeping an accurate record of each.

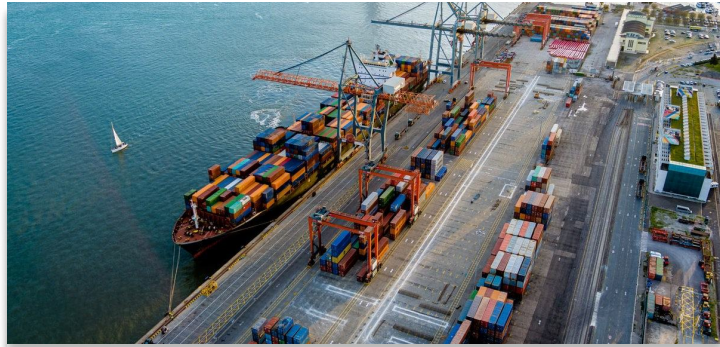
**Bio-LNG** is produced from biogas generated through the anaerobic digestion of waste feedstocks. Gasum will continue supplying the vessel with 2-3 truckloads of bio-LNG every week, with each truckload containing about 22 mt of bio-LNG.

## Tiny ammonia gas leaks should trigger alarms on ships

The International Maritime Organization (IMO) is working on draft **interim guidelines** for using **ammonia** as a fuel on ships. The final draft of these guidelines is expected to be reviewed and approved by the IMO's Maritime Safety Committee (MSC) in December.

The Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping (MMMCZCS) and Royal Institution of Naval Architects have submitted a joint report to the IMO to help develop these guidelines for the safe handling and storage of ammonia on ammonia-powered vessels. The report suggests that places where ammonia is handled on ships, including bunkering equipment and fuel preparation rooms, must have gas detection alarms.

The report cites varying views on what the minimum level of ammonia leak should be to trigger a gas detector alarm. These minimum ammonia concentrations range between 30-220 parts per million (ppm).



## Galp restarts HSFO supply in Portuguese ports

Galp will once again offer HSFO in the ports of **Lisbon**, **Setúbal** and **Sines**. Galp stopped offering HSFO in these ports after the IMO 0.5% sulphur cap came into force in 2020. It used to produce the grade at local refineries, but will now import it, a source said.

With HSFO available, these ports can present good alternatives whenever Gibraltar is congested, a trader said. Galp already offers VLSFO and LSMGO grades in the ports.



## Maersk to put in massive LNG- and methanol-capable ship orders

Maersk plans to place orders and sign charter contracts for 50–60 new **dual-fuel** vessels, which will include LNG- and methanol-capable ships. The exact split of vessel types “will be determined considering the future regulatory framework and green fuels supply,” it said. It aims for a total capacity of 800,000 TEU across all the orders. It will own ships with a capacity of 300,000 TEU. The ships for the remainder 500,000 TEU capacity, will be secured via charter deals.

### Fujairah fuel oil stocks in August

9.32m bbls

### Fujairah fuel oil stocks in July

9.64m bbls

## Fujairah’s fuel oil stocks dip 3% coming into August

Fujairah’s residual fuel oil inventories have averaged **3% lower** so far this month than across July, as per the latest data from the Fujairah Oil Industry Zone (FOIZ) and S&P Global.

According to cargo tracker Vortexa, Fujairah has imported 439,000 b/d of fuel oil in August, up from 319,000 b/d imported in July. Fuel oil imports from Iraq (72%) and Russia (10%) have dominated Fujairah’s total imports this month. The port’s fuel oil exports have increased by 186,000 b/d from July, reaching 443,000 b/d so far this month. This has shifted the port’s trade balance to **net exports**, contributing to a drawdown in stocks. The majority of fuel oil exports have departed for South Korea (35%) and Singapore (28%).

Fujairah’s middle distillate stocks have also declined, averaging 40% lower compared to the previous month.

Availability of all bunker fuel grades remains limited in Fujairah, with most suppliers recommending lead times of approximately 7–10 days, consistent with last week.

## Weekly Brent developments

Front-month Brent is set to **gain 3%** on the week as persistent Middle East have exacerbated concerns about supply disruptions in the oil-rich region.

### Upward pressure:

Chances of a retaliatory strike by Iran or its regional proxies on Israel has left oil market investors on the edge. This follows Israel’s assassination of Hamas leader Ismail Haniyeh last week. “An aggressive response could lead to wider conflict in the Middle East and threaten oil supply,” ANZ Bank’s Daniel Hynes said.

Commercial US crude oil stocks declined by 3.73 million bbls to 429 million bbls in the week ending 26 July – the lowest since February, the US Energy Information Administration (EIA) data shows. “...demand for physical barrels remains robust, despite concerns about weak [US] economic activity,” Hynes remarked.

### Downward pressure:

Signs of weak demand growth in China continued to weigh on oil prices this week.

The EIA lowered its world oil demand forecast for 2025 from 104.7 million b/d to 104.5 million b/d. “Most of the reduction in our oil consumption forecast is in China, where we expect slowing economic growth will continue to reduce diesel consumption,” it said.

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