

# Weekly Market News

16th - 20th September 2024

**Integr8 Research's Steve Christy analyses VLSFO prices in key bunkering ports and argues that**

VLSFO prices could touch fresh lows next year

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UPDATE



## Hawks deploys second bunker barge in Sri Lanka

Maldives-based bunker supplier Hawks has added a **second bunker barge** to its Sri Lanka operations. The company has acquired a new bunker barge, Pacific Petro 01, which will be renamed Hawks Majesty, Hawks' general manager Hussain Aman said.

While the seller's identity was not disclosed, this will be the second bunker barge owned and operated by Hawks in Sri Lanka, alongside Hawks Victory.

Hawks commenced physical bunker supply at Sri Lankan ports in February this year. It offers VLSFO and LSMGO grades across all Sri Lankan ports using trucks and barges. In July, the company took delivery of a bunker tanker to support its bunkering operations in the Maldives.

## Norden and BHP partner to bunker a bulk carrier with B100

Danish shipping company Norden and Australian mining firm BHP have signed an agreement to use **B100 biofuel** for their voyage from Australia to the Netherlands. The companies plan to bunker bulk carrier, Nord Steel, with 1,000 mt of B100 (100% biofuel) for a voyage from Hay Point in Australia to Rotterdam in the Netherlands.

According to Norden, this will be the largest amount of biofuel it will use on a single voyage. While the biofuel supplier's identity remains undisclosed, a Norden representative told ENGINE that the B100 biofuel will be derived from "FAME and residues." FAME (fatty acid methyl ester) is a biodiesel usually made from renewable organic materials like vegetable oils or animal fats. Last year, Norden acquired a minority stake in MASH Makes, a biofuel company focused on researching, developing, and producing renewable fuels from biomass waste.

## Prompt HSFO supply is very tight in Las Palmas

Prompt **HSFO supply** is very tight in the Canary Islands' port of Las Palmas, where two suppliers have run out of stocks, according to a trader. As a result, lead times for the grade have stretched from 3–5 days seen last week, to 5–7 days now. However, HSFO supply in Tenerife, also located in the Canary Islands, is currently fine, the trader said.

Prompt HSFO supply has tightened in Gibraltar, with lead times increasing from 3–5 days last week to 5–7 days now. One out of the two suppliers in the port has limited HSFO stock, adding to the supply pressure for the grade, a source said.

Meanwhile, HSFO supply is ample in Portuguese ports and prompt supply is possible, a supplier noted.

## Another STS trial boosts ammonia bunkering hopes

Global Centre for Maritime Decarbonisation (GCMD) spearheaded a **ship-to-ship (STS) transfer of ammonia** in the Australian port of Dampier on 14 September. Port of Dampier hosted the operation with a consortium that included GCMD, Pilbara Ports and Yara Clean Ammonia. In the first transfer, around 2,700 mt of ammonia was transferred from ammonia carrier Green Pioneer, owned by Japanese shipping giant MOL, to another ammonia carrier Navigator Global, owned by UK-based gas shipping firm Navigator Gas. The same cargo was then transferred back to the Green Pioneer in the second operation. Yara Clean Ammonia supplied the ammonia used in the transfers. The operation highlights the viability of ammonia bunkering in the Pilbara region, GCMD said. It marked the second such ammonia transfer this year. In July, commodity trader Trafigura and shipowner Purus completed their first ammonia STS transfer near Ceuta, in the Gibraltar Strait.



## GLBP inks deal to supply LNG for bunkering in the US Gulf Coast

Galveston LNG Bunker Port (GLBP) has inked a deal with gas transportation company Energy Transfer's Houston Pipeline Company to supply **LNG for bunkering** at its proposed 300,000-gallon per day capacity LNG bunkering terminal in Texas City, US. The deal will enable GLBP to provide LNG to vessels in the Galveston Bay Port complex, covering the ports of Houston, Galveston, Texas City and the Galveston Offshore Lightering Area.



## Consortium to explore feasibility of ammonia cracking technology

US-based ammonia tech firm Amogy has teamed up with several partners to develop its **offshore ammonia cracking** technology to cater to the shipping sector. The consortium includes HD Korea Shipbuilding & Offshore Engineering (HD KSOE) and classification society American Bureau of Shipping (ABS). The group will explore the technological feasibility of an offshore ammonia cracking system with an aim to deliver low-cost clean hydrogen fuel.

### Singapore bio-bunker sales in August

67,800 mt

### Singapore bio-bunker sales in July

49,000 mt

## Singapore bio-bunker and LNG sales rose in August

Singapore sold around 2,100 mt/day of **bio-blended bunkers** in August, significantly up from around 1,600 mt/day sold in July, according to preliminary figures from the port authority. Singapore's bio-blended bunker sales surged by a substantial 40% in August, marking the second consecutive month of growth and reaching their highest level since October 2023. Most of the 67,800 mt of bio bunkers sold in August were VLSFO blended with a bio component—typically 24% in Singapore. Total biofuel bunker sales across the first eight months of this year reached almost 405,000 mt, significantly higher than 286,000 mt sold during the same period last year. LNG sales also rose by 6% in August. Total LNG bunker sales stood at almost 301,000 mt in the first eight months, significantly higher than 71,000 mt sold in the same period last year. No methanol sales have been recorded since May. Singapore sold around 4.45 million mt of conventional bunker fuels in August, down 3% from July.

## Weekly Brent developments

Front-month Brent is on track to **rise by 4%** on the week after the US Federal Reserve (Fed) cut its key interest rate by a massive 50 basis points for the first time since 2020, bringing the central bank's benchmark rate to a range between 4.75% and 5.00%.

### Upward pressure:

Brent's price edged into "positive territory" after the US Fed announced its rate cut decision on Wednesday, ANZ Bank's senior commodity strategist Daniel Hynes said. Lower interest rates in the US can boost demand growth for dollar-denominated commodities like oil as it makes the greenback weaker against other currencies.

Besides, US commercial crude oil stocks dropped by 1.63 million bbls to 418 million bbls on 13 September, according to the US Energy Information Administration (EIA).

### Downward pressure:

Brent's price felt some downward pressure due to concerns about weak oil demand growth in China. The country imported 11.56 million b/d of crude oil in August, down from 12.43 million b/d imported during the same time a year ago. "Chinese data continues to point towards weaker domestic oil demand," two analysts from ING Bank said. China has been "the key concern when it comes to [oil] demand," they added.

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