

Weekly Market News

14th - 18th October 2024

Integr8 Research's Steve Christy analyses VLSFO prices in top ports and reveals that

Singapore's benchmark has resisted a broader market fall

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UPDATE



China's VLSFO output dropped in September – JLC

China's **VLSFO output declined** in September amid limited export quotas, market intelligence provider JLC reported. Chinese refiners produced about 993,000 mt of VLSFO in September. With a daily output at 33,100 mt that was a plunge of 11% from the previous month. On a year-on-year basis, VLSFO output fell by 15% in September. Earlier this year, China issued a third and final batch of VLSFO export quotas, allowing 1 million mt of exports, "bringing this year's total quotas to 13 million mt, down from 13.17 million for 2023," JLC said.

Meanwhile, VLSFO supply is normal in China's biggest bunker port, Zhoushan, where bunker demand has been low. Recommended lead times are at 4-7 days.

HSFO availability remains tight in Las Palmas

Securing prompt deliveries of HSFO can be difficult in the Canary Islands' port of Las Palmas, where suppliers are currently **waiting for replenishment** cargoes, according to a trader. Availability of the grade has been tight in Las Palmas since last month.

The last HSFO cargo arrived in Las Palmas nearly a month ago, according to data from cargo tracker Vortexa. The cargo arrived from Portugal, where availability of the grade improved after a bunker supplier restarted HSFO supply in August.

Recommended lead times for HSFO in Las Palmas have gone up from 5-7 days last week, to **7-9 days** now. Availability of VLSFO and LSMGO is good in the port, with lead times of 3-5 days advised for both grades. Meanwhile, rough weather is forecast intermittently in Las Palmas until the end of the week, which could complicate bunker deliveries there, a source said.

Woodside will supply ammonia for bunkering

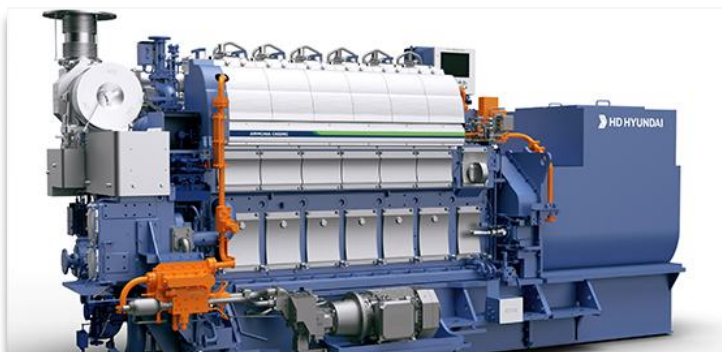
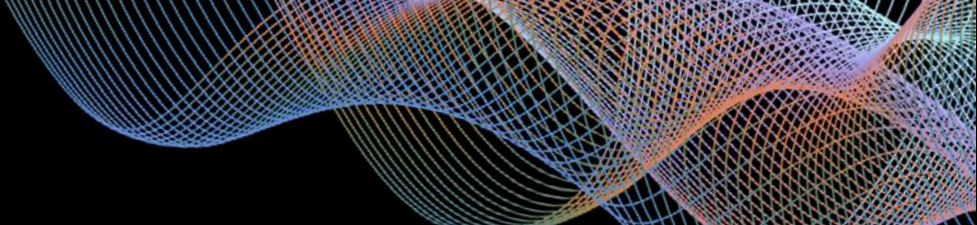
Australian energy firm Woodside Energy "will be ready" to supply ships with **grey and blue ammonia** from its recently acquired Beaumont plant, said company vice president Rick Beuttel. Woodside Energy bought a 1.1 million mt/year ammonia plant from OCI Global. The plant is being built in Beaumont, Texas.

OCI Global had earlier announced that the facility will start producing grey ammonia in 2025, followed by blue ammonia in 2026. Beuttel has now confirmed this timeline.

"On volume split, we are working with a number of offtakers and interest has been high across various sectors - industry, power generation, shipping/bunkering, and others," Beuttel said. German chemical giant Linde will produce blue hydrogen and nitrogen feedstocks for the plant.

'Disappointed' at discord at MEPC 82 – Klaveness

Norwegian shipping firm Klaveness Combination Carriers (KCC) expressed concern over the lack of consensus on the **IMO's mid-term measures**, noting that there is still a long way to go for finalising regulations. 39 countries supported a universal GHG levy while 15 opposed it at the 82nd session of IMO's Marine Environment Protection Committee (MEPC 82) in London, according to research from University College London (UCL). This lack of consensus shows that "significant work" needs to be done before regulations to guide shipping towards a net-zero goal by 2050 can be finalised, Engebret Dahm, KCC's chief executive said. "Delaying action is not an option and will only lead to future pain for shipowners and their customers," he warned, stressing that regulatory uncertainty will hinder investment in fleet efficiency and low- and zero-emission fuels. "Time is short, with the deadline to reach a consensus by the end of 2025, making the next six months up to the MEPC meeting in April 2025 especially critical," he said.



HHI introduces ammonia dual-fuel marine engine

South Korea's HD Hyundai Heavy Industries (HHI) has developed a high-pressure ammonia dual-fuel engine for ships. It has selective catalytic reduction technology to reduce nitrogen oxides and unburnt ammonia emissions. Unburnt ammonia gas will also be scrubbed away. It can be used on ships for **propulsion or auxiliary power**, HHI said. There are no merchant ships running on ammonia today, but several manufacturers are about to launch engines.



WinGD introduces LPG option for ammonia dual-fuel engine

Swiss engine maker WinGD has launched a "pre-fit" option for its **ammonia dual-fuel engines**, enabling them to run on LPG with little modifications. The engine is specifically designed for ammonia, but can also run on LPG with small modifications to the injection system. That is possible because both fuel types can use the same material components, WinGD claims. This will allow operators using ammonia to switch to LPG in the future.

Panama bunker sales in September

428,000 mt

Panama bunker sales in August

457,000 mt

Panama bunker sales dropped in September

Panama's total bunker sales **dropped by 6%** in September as fewer vessels arrived for bunkers. The number of ships bunkering in Panama's ports dropped by 16 to 601 in September. The average stem size was roughly 712 mt in September, down from 741 mt in August, according to preliminary figures from the Panama Maritime Authority.

VLSFO sales grew by 1% on the month, while LSMGO sales rose by 9%. However, HSFO sales dropped by 22% on the month, recording their lowest monthly sales since June.

VLSFO continued to be the most sought-after product, accounting for 61% of total bunker sales in Panama in the first nine months of this year. HSFO sales represented 29% of the total and combined MGO sales accounted for 10%.

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 3-5 days.

Weekly Brent developments

Front-month Brent is set to **decline 6%** on the week amid concerns about slow demand growth in China and lower global oil demand growth forecast by OPEC.

Downward pressure:

OPEC reduced its world oil demand growth forecast to 1.9 million b/d, with total consumption averaging 104.1 million b/d in 2024, about 106,000 b/d lower than its previous projection.

China imported 11.07 million b/d of crude oil in September, down from 11.56 million b/d imported in August. "Oil prices dropped after OPEC cut its 2024 demand forecast for the third consecutive time, effectively conceding that China's economic slowdown and structural shifts, like the rise of electric vehicles, could be sounding the death knell for any more super cycles," SPI Asset Management's managing partner Stephen Innes said.

Upward pressure:

Brent's price gained some support after Israel launched an airstrike on southern Lebanon on Wednesday, thereby escalating tensions in the Middle East. According to some reports, Israel has prepared a plan for a retaliatory strike on Iran, which could happen before the US election on 5 November. "This [news] raised concerns that US influence over Israeli tactics remains weak," ANZ Bank's senior commodity strategist Daniel Hynes remarked.

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