

Weekly Market News

21st - 25th October 2024

Integr8 Research's Steve Christy analyses the IEA's latest report and argues that

The bunker fuel market must gear up to use alternative fuels

READ
UPDATE



LSMGO supply runs dry in Durban

Bunker buyers are struggling to secure **LSMGO** for both prompt and non-prompt delivery dates in South Africa's Durban port. The grade has been in short supply over the past few weeks, according to traders. Suppliers are unsure when replenishment cargoes may arrive to ease the supply pressure in the port, a trader said. As of now, the grade's supply is subject to enquiry. Securing prompt deliveries of VLSFO can be difficult in Durban, but the grade can be supplied for non-prompt dates in the port. Lead times of 7-10 days are generally recommended for full coverage from suppliers. Durban is forecast to experience rough weather conditions over the weekend, which could complicate bunker deliveries.

Truck drivers' strike may disrupt bunkering in Spain

Bunker deliveries by trucks could be impacted by the nationwide strike action scheduled on 28 October. "Our drivers will continue to work, but strikers may obstruct motorways, port entrances, or loading facilities," a Spanish bunker supplier notified. The strike action will impact truck deliveries across all **Spanish ports**, another source confirmed. Truck drivers in Spain are organising a protest to demand a reduction in the retirement age. Meanwhile, bunker fuel supply has significantly improved in the Spanish port of Barcelona compared to last week. The port experienced a severe supply crunch for all three grades last week, with prompt HSFO delivery being particularly scarce. Lead times have reduced from seven days last week, to 3-5 days now. HSFO supply remains tight in Las Palmas, where suppliers are waiting for replenishment cargoes, according to a trader.

Pinnacle Marine to trial B100 biofuel in Singapore

Singapore-based shipyard Pinnacle Marine has signed an agreement to **trial B100** biofuel on a harbour craft vessel. A harbour craft is a small vessel used for tasks like towing and transporting goods within ports. The agreement aims to conduct a 1000-hour continuous trial of B100 (100% biofuel) based on FAME (Fatty Acid Methyl Ester) on a harbour craft within **Singapore Port Limits**. The research will evaluate engine performance and emissions over long-term use, and develop guidelines for the storage, handling and bunkering of B100. Participants include engine developer Weichai Singapore and China Classification Society. Bunker suppliers in Singapore sold about 111,000 mt of bio-blended bunkers in September, setting a new monthly record that surpassed the previous high of 79,000 mt in October 2023.

NGOs want nitrogen emission curbs in the Mediterranean

An alliance of NGOs have called for the establishment of a **Nitrogen Emission Control Area (NECA)** in the Mediterranean Sea. The NECA is necessary to curb pollution caused by nitrogen oxides (NO₂) emitted by ships, the alliance argues.

Formed in 2016, the alliance comprises NGOs from the Mediterranean such as Spain, France, Italy, Malta and Greece, as well as from Germany and Portugal.

An ECA for sulphur emissions is set to be enforced in the Mediterranean Sea next year. The International Maritime Organisation (IMO) announced a 0.10% sulphur cap on vessel emissions last December. This will enter into force in the Mediterranean Sea from 1 May 2025. Once implemented, the Mediterranean will have the same sulphur limit as ECAs in the North Sea, Baltic Sea, North America and the US Caribbean Sea.



ABS concludes risk assessment of ammonia-fuelled LNG carrier

Classification society ABS has completed a safety evaluation of **ammonia dispersion** onboard an ammonia-fuelled LNG carrier designed by Hanwha Ocean. The study confirmed that the system met ABS rules for ammonia toxicity and gas accumulation risks. The findings will aid Hanwha Ocean in improving ventilation, vent mast placement, gas release speeds and air intake locations, to minimise ammonia leak risks during the design stage.



Vopak seeks to add ammonia storage in Antwerp

The Dutch storage terminal operator has launched a market consultation for **ammonia storage** at its Vopak Energy Park site in the Port of Antwerp. With this project, Vopak wants to evaluate market feasibility and customer demand for ammonia. The consultation has begun and will continue till 29 November. Vopak operates a storage terminal in Antwerp with 116 tanks and a combined storage capacity of 190,000 cbm, used for storing gasoil and oil products.

Rotterdam bio-bunker sales in Q3 2024

137,000 mt

Rotterdam bio-bunker sales in Q2 2024

234,000 mt

Rotterdam's Q3 biofuel sales fall behind Singapore

Bio-blended bunker sales in Rotterdam **plunged by 41%** between the second and third quarters of this year, while fossil LNG sales dipped by 9%.

About 137,000 mt of bio-blended bunkers were sold in Rotterdam in the third quarter, which is 40% lower compared to 227,000 mt sold in Singapore in the same period.

Bio-VLSFO sales touched 52,000 mt in the third quarter, significantly down by 67% from the previous quarter. The grade has been the most sought-after bio-blend, accounting for 61% of Rotterdam's total biofuel sales volume in the first nine months of 2024. Bio-HSFO ranked second with 20% of the biofuel volumes sold, while bio-ULSFO came in third at 13%.

Around 2,000 mt of **bio-methanol** was sold in the third quarter of the year, a record high since Rotterdam started publishing methanol sales data in 2021. The port's **fossil LNG** bunker sales declined by 9%, with around 89,000 mt sold in the third quarter. Rotterdam's LNG bunker sales were 29% lower than the 126,000 mt sold in Singapore during the same period.

Weekly Brent developments

Front-month Brent is set to **gain 4%** on the week amid growing concerns about oil supply disruptions in the Middle East.

Upward pressure:

Brent's price surpassed \$76/bbl this week as growing geopolitical tensions in the Middle East continued to support oil prices. Israel is reportedly considering a significant retaliatory strike against Iran following a Hezbollah drone attack that nearly hit Israeli Prime Minister Benjamin Netanyahu's residence on Saturday. This news rattled oil market participants because any further escalation of the conflict could imply severe risks to the energy facilities in the oil-rich region. "Crude oil prices pushed higher as traders continue to fret over possible supply disruptions in the Middle East," ANZ Bank's senior commodity strategist Daniel Hynes noted.

Downward pressure:

Commercial crude oil inventories in the US increased by 5.5 million bbls to touch 426 million bbls on 18 October, according to data from the US Energy Information Administration (EIA). The latest data has raised concerns about oil demand growth in the US. "The market continues to be caught between supply risks related to ongoing Middle East tension and lingering demand concerns," two analysts from ING Bank said.

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