

Weekly Market News

11th-15th November 2024

What would net zero by 2050 mean for oil?

Integr8 Research's Steve Christy dissects the latest IEA energy report to give you the answer

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UPDATE



Dutch rebate for biofuel moves closer to \$150/mt

The Dutch HBE ticket price has now risen to a **multi-month high**, making advanced biofuel blends more attractive for bunkering in Dutch ports. Bunker suppliers selling these blends in the Netherlands will generate HBE tickets, which hold value because they can cover their allowances or trade them in a market.

When ticket prices are high that should theoretically translate to bigger potential rebates for biofuel bunkers in Dutch ports like Rotterdam, where the HBE rebate for a B30-VLSFO blend has reached **\$142/mt**. Bigger Dutch rebates have added downward pressure on Rotterdam's B30-VLSFO HBE price and could boost demand in the port.

IMO Secretary-General confirms pricing mechanism

"Yes, there will be a **pricing mechanism**," the International Maritime Organization's (IMO) Secretary-General, Arsenio Dominguez, said on the sidelines of COP29 in Azerbaijan. IMO member states have drafted Chapter 5 of MARPOL Annex VI, which outlines regulations for the IMO's net-zero framework. These regulations will incorporate mid-term measures, including an economic measure like carbon pricing and technical measures like a greenhouse gas fuel intensity standard. The IMO has now confirmed that mid-term measures will include a pricing mechanism, according to a social media post by the Norwegian Shipowners Association. The association also called for revenues from the pricing mechanism to be allocated towards developing low- and zero-emission fuels and technologies, to reduce the price gap between conventional and emerging fuels.

Knowledge gap barriers to biofuel term contracts - Finco

When it comes to biofuels, a lack of knowledge and visibility on **biofuel prices** is one of the main reasons shipping companies are hesitant to close term contracts today, Johannes Schürmann, commercial director of FincoEnergies' marine division told ENGINE. While some globally accepted pricing indexes for biofuels exist, shipping companies often lack access to these essential price points. And without reliable pricing information, these companies struggle to make informed decisions, making them reluctant to engage in long-term commitments. To address this, Schürmann argued for fixed-term contracts, which lock in prices over an agreed period, reducing exposure to spot market fluctuations and easing logistical challenges related to adjusting barge or cargo deliveries.

Rotterdam to give sustainability discounts in port fees

A new calculation method will be used for seaport and inland port dues from 1 January 2025. Total seaport dues will be lower for seagoing vessels scoring high on the Environmental Ship Index (ESI), an international emission benchmark for sea-going vessels.

"Vessels that perform better than the legal norm will be rewarded a **10% discount** on the gross tonnage part of the port dues," the Port of Rotterdam said.

A vessel with a Green Award certificate can claim an additional discount on total port dues, the port authority said. Its Green Award Foundation provides these certificates to shipping firms that have made investments in their vessels to improve energy efficiency and safety.

Under the system, LNG carriers, chemical and oil tankers with Green Award certificates are eligible for a 15% discount on the share of outstanding port dues that are calculated on the basis of the sea-going vessels' gross tonnage.



French firm plans e-methanol production for bunkering

Renewable energy firm Qair Group plans to develop a 200,000 mt/year e-methanol production plant in the Haropa Port complex in France. Three major French ports - **Le Havre, Rouen and Paris** - merged in 2021 to form the Haropa Port. Qair Group will establish an integrated green hydrogen and e-methanol production facility in the Le Havre port area. The e-methanol produced here will be supplied for bunkering as well as to other industries.



Wilhelmsen takes dual-fuel methanol vessel order tally to 14

Norway-based shipping firm Wallenius Wilhelmsen has exercised its option to order two more **dual-fuel methanol** pure car and truck carriers (PCTC) from China Merchants Jingling Shipyard. The 11,700 CEU-capacity vessels will be able to operate on both methanol and conventional marine fuels. This brings the company's dual-fuel methanol vessels on order to a total of 14: eight with a capacity of 11,700 CEU and six with a capacity of 9,300 CEU.

Fujairah fuel oil stocks in November

8.70m bbls

Fujairah fuel oil stocks in October

8.26m bbls

Fujairah's fuel oil inventories rise in November

Fujairah's fuel oil stocks have averaged **5% higher** so far this month than across October, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows.

Fujairah has imported 421,000 b/d of fuel oil in November, marking a substantial increase of 225,000 b/d from October, according to cargo tracker Vortexa.

Fuel oil exports from the port have also risen, reaching 258,000 b/d in November so far - up by 66,000 b/d from the previous month.

Most fuel oil imports have come from Russia (31%), Kuwait (25%) and Iran (20%).

On the export side, Malaysia has been the largest destination, accounting for 52% of Fujairah's fuel oil exports, followed by the US (11%) and Singapore (9%).

Meanwhile, Fujairah's middle distillate stocks have decreased by 20% this month.

Prompt bunker fuel availability in Fujairah remains tight, with lead times of around 5-7 days for all grades, consistent with last week.

Weekly Brent developments

Front-month Brent is set to **fall by 2%** on the week due to slow demand growth forecast by OPEC and a lower price projection by the US Energy Information Administration (EIA).

Downward pressure:

OPEC lowered its forecast for oil demand growth to 1.8 million b/d this year, down by 107,000 b/d from its previous monthly projection. "It [OPEC] attributed the change to weakening demand in China and India," ANZ Bank's senior commodity strategist Daniel Hynes said.

The EIA reduced its Brent spot price projection to average around \$76/bbl in 2025, citing a potential rise in global oil inventories. "By 2Q25, we expect OPEC+ production increases and supply growth from countries outside of OPEC+ will outweigh global oil demand growth and cause oil to be put into inventory," the EIA said.

Upward pressure:

Brent's price gained some support after the American Petroleum Institute projected a decline of 770,000 bbls in US crude oil stocks for the week ending 8 November.

Donald Trump's re-election as the 47th US President has raised some supply concerns in the global oil market, with some analysts expecting stricter sanctions on Iranian oil.

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