

Weekly Market News

9th - 13th December 2024

Singapore's VLSFO price has dropped to multi-month lows

Integr8 Research's Steve Christy explores whether prices could drop even lower in 2025

READ
UPDATE



Amsterdam set to ban open-loop scrubbers

The Port of Amsterdam has published a decree prohibiting seagoing vessels from using open-loop exhaust gas cleaning systems (EGCS) while berthed. No date has been set, but it will come into force "no earlier than 1 January 2025." Open-loop scrubbers utilise seawater to **clean exhaust gas** as it is naturally alkaline. The seawater is pumped into the scrubber, and the resulting washwater is discharged back into the sea. Several environmental nonprofits have criticised open-loop scrubbers, arguing that they merely transfer pollution from the air to the ocean, contributing to ocean acidification. The EU lacks uniform legislation on scrubber washwater discharge, but many EU countries and ports restrict discharges in specific areas.

Biofuel struggles to gain traction in the Americas

Biofuel bunkering in the Americas is off to a slow start, with high costs and patchy supply networks stifling adoption in the region. While some ports offer biofuel blends, infrastructure remains limited compared to that of conventional fuels. Supply is confined to a few locations, and logistics often depend on trucks or third-party arrangements rather than dedicated facilities or barges. As a result, **demand is negligible**, suppliers and traders said. "There is no great demand for the immediate future," Stone Oil's chief operating officer Anthony Odak told ENGINE. "Some clarity is needed on regulations, but we do expect marginal demand growth by mid-2025." A lack of subsidies and access to sustainable feedstocks leaves Houston at a price disadvantage to other major ports like Rotterdam and Singapore. Canada has seen some biofuel activity in the Great Lakes, while uptake has been slow in South America.

DNV records four new ammonia vessel orders in November

There are now two **ammonia-capable** ships in operation and a total of 27 on order for deliveries scheduled towards 2027, according to classification society DNV. LNG continues to be in vogue with 23 new **LNG-capable** vessels ordered in November, bringing the LNG fleet to 611 vessels in operation and another 649 on order for delivery by 2033. The tally of **methanol-** and **LPG-capable** vessels was unchanged from October. There are currently 43 methanol-capable vessels in operation, with an additional 342 on order for deliveries scheduled through 2033. For LPG, 121 vessels are operational, with another 84 on order. "Despite a slower month, momentum is strong and we remain on course for a record-breaking year in 2024," said Kristian Hammer, senior consultant at DNV.

IMO approves ammonia safety guidelines for ships

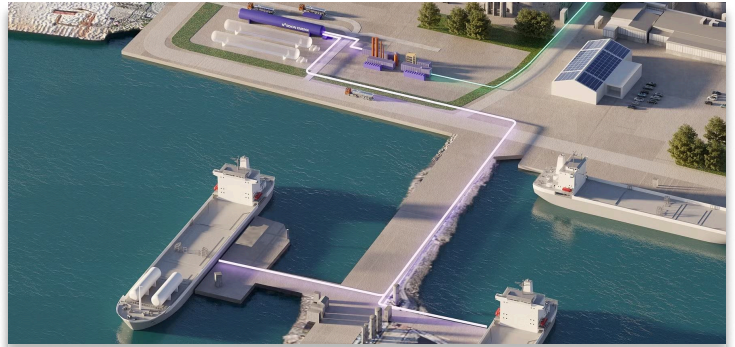
The International Maritime Organisation (IMO) has approved interim safety guidelines to enable use of ammonia as a marine fuel on ammonia carriers. The new amendments - which will enter into force on 1 July 2026 - now enable the use of ammonia cargo as fuel, classification society DNV said. Ammonia is **highly toxic and corrosive**, factors that have hindered its widespread adoption. The interim guidelines could benefit ports such as Singapore, which seeks to establish ammonia bunkering by 2026. Apart from this, the IMO's Maritime Safety Committee (MSC) has also updated its list of alternative fuels and new technologies. A "swappable traction lithium-ion battery container was newly included as a potential power source for ships," classification society Korean Register noted.





VPS develops new sustainability test for FAME biofuels

Fuel testing firm VPS and the Global Centre for Maritime Decarbonisation (GCMD) have devised a technique to check the feedstock sustainability in fatty acid methyl ester (FAME) blends. VPS uses gas chromatography to determine the source of the bio component. Gas chromatography is a method used to study the elements of a mixture, especially liquids that can turn into vapour. This is possible as VLSFO has a distinct **chemical fingerprint** compared to FAME.



New plant to produce liquid biogas for bunkering in Gothenburg

Swedish gas firm Nordion Energi has invested in a **biogas liquefaction plant** in Sweden's Port of Gothenburg. Finnish biogas supplier ST1 Biokraft will offtake part of the production volume. "We are expanding our availability of [liquefied biogas] LBG for our customers in heavy transport, shipping, and industry," Miika Johansson, chief executive of ST1 Biokraft said, noting that the plant's "strategic location" in Gothenburg makes bunkering accessible.

Fujairah fuel oil stocks in December

6.42m bbls

Fujairah fuel oil stocks in November

8.17m bbls

Fujairah fuel oil stocks slump 21% amid rare net exports

Fujairah's residual fuel oil inventories have averaged **21% lower** so far this month than across November, according to data from Fujairah Oil Industry Zone (FOIZ) and S&P Global. The stocks have fallen below 7 million bbls for the first time in years.

Fujairah has imported 135,000 b/d of fuel oil so far this month, significantly down from 346,000 b/d in November, Vortexa data shows. Of these imports, the majority came from Iraq (80%), followed by Iran (14%) and Egypt (6%).

In November, Fujairah imported high-sulphur fuel oil (HSFO) and low-sulphur fuel oil (LSFO) in a 78/23 ratio, but so far this month, only HSFO has been imported.

At the same time, the port's fuel oil exports have increased by 48,000 b/d to 300,000 b/d, tilting the trade balance into a net export surplus and contributing to the stock drawdown.

The bulk of these exports went to Malaysia (55%), Singapore (18%) and Bahrain (4%).

Prompt bunker availability is tight in the port, with lead times for all grades steady at 5-7 days.

Weekly Brent developments

Front-month ICE Brent is heading for a **4% increase** on last week's settlement as US inflation data came in hot, and as China signalled economic stimulus is on the cards for 2025.

Upward pressure:

The US inflation rate rose by 0.3% in November, edging up from a previous 0.2% monthly increase, according to the US Bureau of Labor Statistics. Oil prices have reacted positively to the data because it opened the window for a final interest rate cut by the US Federal Reserve this year, as it tries to bring inflation under its 2% target.

There was optimism over Chinese economic stimulus after Beijing announced a shift from a "prudent" to a "moderately loose" monetary policy for 2025, which could drive up oil demand.

Downward pressure:

Oil prices felt some downward pressure after OPEC reduced its world oil demand growth forecast for 2024 to 1.6 million b/d, about 210,000 b/d lower than its previous monthly projection. It expects consumption to average 103.8 million b/d this year, and grow by 900,000 b/d next year - 600,000 b/d than it previously expected.

"These revisions do not come as a surprise as OPEC has been more aggressive than the rest of the market when it comes to demand," ING Bank analysts said.

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