Integr8 Fuels

Weekly Market News

30th December 2024 - 3rd January 2025

Integr8 Research's Steve Christy analyses Brent forecasts for 2025 and projects that

Bunker prices could drop by 10% this year

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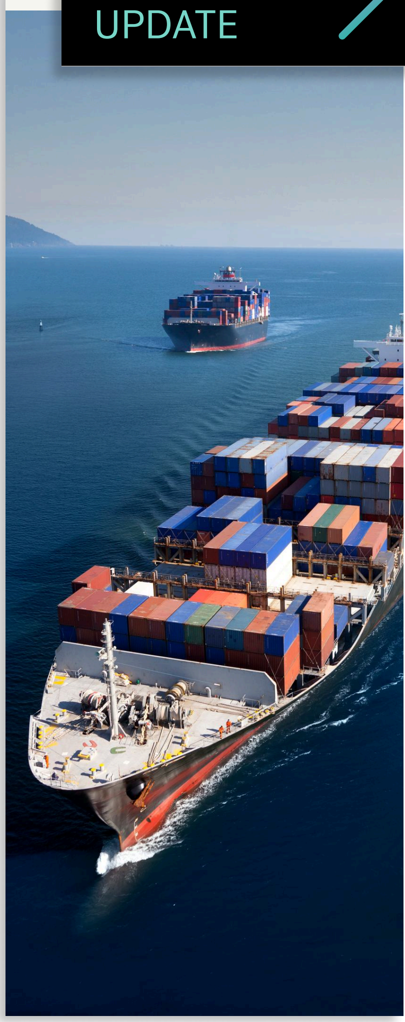

Prompt HSFO supply still tight in Rotterdam

Availability of **HSFO remains tight** in Rotterdam and across the wider ARA hub, a trader told ENGINE. Suppliers are unable to offer the grade for very prompt delivery dates. Lead times of 5-7 days are advised for optimal coverage, according to a trader. Both VLSFO and LSMGO grades are well stocked in the ARA, with lead times of 3-5 days advised.

Meanwhile, Gibraltar has no constraints in bunker supply and availability is normal across all grades in the port, a trader said. Lead times of 3-5 days are advised. Gibraltar is forecast to experience bad weather conditions later this week, which could complicate bunker deliveries. Strong wind gusts ranging from 31-33 knots are expected on Sunday and Monday.

China allocates first VLSFO export quota for 2025 - JLC

The Chinese government has allocated 8 million mt of **VLSFO in an export quota** for bonded bunkering in 2025, representing the first round of distribution, according to market intelligence provider JLC.

Export quotas are expected to raise domestic VLSFO production to 1.30-1.35 million mt in January, up from a projected 390,000 mt in December 2024, according to JLC.

Domestic VLSFO production fell to an 11-month low in November due to smaller quotas.

Consequently, China's bonded bunker fuel imports surged to a 44-month high in November.

In the latest export quota, Sinopec will receive 3.82 million mt, PetroChina 3.44 million mt and CNOOC 700,000 mt. Bunker suppliers in Zhoushan currently have robust VLSFO supplies.

Several suppliers are suggesting lead times of 4-6 days for deliveries.

Egypt trials new Suez Canal channel extension

The **Suez Canal Authority** has announced a successful trial operation of the canal's duplication project in the Small Bitter Lake. The Small Bitter Lake, a saltwater lake in Egypt and part of the Suez Canal, serves as a natural reservoir and anchorage area for ships. Recently, two bulk carriers, Fu Xing Hai and Suvari Bey, navigated the new 10-km channel in the duplicated section of the Small Bitter Lake after the dredging project was completed. These vessels were part of the southbound convoy, using the new lane alongside four others transiting through the eastern lane - the original channel. The new waterway, designed to improve navigational safety, will boost the canal's capacity by 6-8 additional vessels/day. The duplicate section will become operational as soon as updated navigational charts are issued.

Singapore cuts port fees for ships using low-carbon fuels

The Maritime and Port Authority of Singapore has announced concessions for ocean-going vessels using **alternative fuels or technologies** during port stays of up to four days. Under the programme, ocean-going vessels using zero-emission fuels or technologies for their primary propulsion, such as hydrogen, full electrification, or a hybrid of hydrogen fuel cells and electrification, will qualify for a full port dues concession for eligible calls. Similarly, vessels using zero-carbon fuels, including ammonia (with pilot fuel capped at 25% and ammonia slip addressed), B100 biofuel, or green methanol, will also receive a full port dues concession. Vessels using low-carbon fuels such as methanol, LNG (with methane slip addressed to maximum 1%), or biofuel blends ranging from B50 to B99 as their primary fuel will qualify for a 30% port dues concession. Those using LNG (without methane slip addressed) or biofuel blends from B24 to B49 as their primary fuel will qualify for a 20% concession.

Prompt supply remains tight in Fujairah and Khor Fakkan

Prompt **availability is tight** across all grades in the Middle Eastern ports of Fujairah and Khor Fakkan, with lead times of 5-7 days. Saudi Arabia's Jeddah port has a good LSMGO supply, but VLSFO availability is under pressure. Djibouti is facing severe supply shortages, with VLSFO and HSFO nearly exhausted, and LSMGO in short supply.
Meanwhile, Omani ports, including Sohar, Salalah, Muscat and Duqm, have ample LSMGO supplies.

Seaboard Marine takes delivery of a new LNG-capable vessel

This is the second **LNG-capable** vessel in the US-based shipping firm Seaboard Marine's fleet. The vessel, Seaboard Victory, made its inaugural calls at the ports of Callao and Pisco in Peru last week. It will operate in the Caribbean, Central America and South America regions. It is the second of eight LNG dual-fuel vessels to join Seaboard Marine's fleet. The remaining six vessels are slated to join the fleet by the end of 2025.

Fujairah fuel oil stocks in December

8.14m bbls

Fujairah fuel oil stocks in November

8.17m bbls

Fujairah fuel oil stocks remained steady in December

Fujairah's fuel oil stocks were **roughly steady** with November levels in December, Fujairah Oil Industry Zone (FOIZ) and S&P Global data shows.
Fujairah imported approximately 216,000 b/d of fuel oil in December, a notable decrease from the 346,000 b/d imported in November, according to cargo tracker Vortexa. During the same period, Fujairah's fuel oil exports fell by 60,000 b/d to reach 192,000 b/d in December.
In December, about 20% of Fujairah's fuel oil imports came from Iran, closely followed by Iraq and Russia (19% each). On the export side, the majority of fuel oil was shipped from Fujairah to Singapore (29%), with China (26%) and South Korea (11%) being the second- and third-largest destinations.
Meanwhile, middle distillate stocks at the port increased, averaging 11% higher in December. Prompt availability remains tight for all grades in Fujairah. Lead times of 5-7 days are recommended for deliveries, unchanged from the previous week.

Weekly Brent developments

Front-month ICE Brent is set to **rise 3%** on the week amid hopes of economic stimulus in China and as market participants gradually return after the Christmas and New Year holidays.
Upward pressure:
Chinese authorities plan to issue 3 trillion yuan ($411 billion) in special treasury bonds in 2025 to stimulate economic growth, potentially boosting the country's oil demand.
Other global factors influencing Brent include geopolitical tensions in the Middle East and potential stricter sanctions under Trump, SPI Asset Management's Stephen Innes said.
"As we vault into the new year, the oil market is poised on the brink of significant upheaval," he said.
Downward pressure:
China's manufacturing purchasing managers' index came in at 50.1% in December, slightly down from 50.3% in November. The slowdown in the country's manufacturing sector has raised concerns about demand growth for commodities such as oil.
Oil market participants currently await this Friday's US December manufacturing data, which will be key for oil price movements, according to analysts.