

A dark, aerial view of several large cargo ships at sea, with their lights and structures visible against the dark water.

Argus Marine Fuels IMO-Compliant Fuel Oil at Los Angeles Bunker pricing for an emerging market

What has Argus launched?

IMO-compliant 0.5% sulphur fuel oil price assessment for bunkering at Los Angeles.

Why now?

The 2020 regulation will cap marine fuel sulphur content at 0.5%, down from the current cap of 3.5%. Though the regulation does not take effect until January 1, 2020, refineries and blenders have been testing compliant fuels since the end of 2018 and have a good idea of what they can offer shipping customers.

Argus' existing Los Angeles 3.5% sulphur 380cst fuel oil assessment is an established price benchmark, used by suppliers and shipowners. Although 0.5% sulphur fuel oil is not yet traded in Los Angeles, industry participants are seeking pricing indications for the market that is soon to rapidly emerge.

Why Los Angeles?

For the most part, containership demand drives bunker demand at Los Angeles. Los Angeles and the neighboring port of Long Beach are the top US containership ports. Their containership throughput increased by 3.9% to 17.55mn twenty-foot equivalent unit (TEU) in 2018, compared with 16.89mn t in 2017.

Los Angeles and Long Beach sold about 3.20mn t of marine fuel in 2018, of which about 80% (or 2.56mn t) was residual bunker fuel. In 2020, the bulk of the residual bunker fuel demand is expected to shift to 0.5% sulphur marine fuel.

What are the price specifications?

Argus' new assessments are for 0.5% sulphur fuels meeting the ISO RMG380 quality standards. New ISO standards are still under discussion and, in the world of 0.5% sulphur fuels, many "limiting" specifications are no longer constraints on the market. Most blends come in well below existing viscosity and density maximums, with many of them meeting the 80cst viscosity "RMD" standard.

Meanwhile, ship operators worry that loose density and viscosity standards will allow non-bunker-suitable material to find its way into the bunker pool. Argus will expect to tighten, adjust and focus quality specifications as industry-standard and market-traded fuel qualities emerge.

The Los Angeles price assessment is for ex-wharf deliveries ranging between 500t to 3,000t. It will be published daily in \$/t. The delivery timing is 2 to 7 days ahead.

How does Argus price the market?

Argus has decades of experience pricing emerging fuels markets. To establish the price of 0.5% sulphur marine fuels, we employ a combination of blend calculations, actual market surveys of pricing indications and trade, and statistical correlations. Every price is reporter-tested, editor-tested and market-tested by the time it hits your inbox and becomes available for download and use. For more information on our methodologies, visit www.argusmedia.com/en/oil-products/argus-marine-fuels.

Where do I find the prices?

The prices will be published in these Argus refined products reports: *Argus Marine Fuels* and *Argus US Products*.

Where can I learn more?

To learn more about our prices, contact us at singapore@argusmedia.com or +65 6496 9966

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