

# Argus Marine Fuels Outlook

Global conventional and alternative marine fuels



## Overview

Conventional marine bunker prices have generally turned out higher than forecast because of a stronger than anticipated rebound in crude values. The North Sea Dated benchmark ended up averaging close to \$82.50/bl in June, compared with the forecast \$79/bl. HSFO, VLSFO and MGO dob bunker pricing was stronger in June as a result. Crude prices are now likely to be stronger than originally expected right through the third quarter, which will lead to higher bunker prices. With the Opec+ alliance committed to maintaining production curbs through September and only slowly starting to return supply from the fourth quarter, the crude market looks tight and prices could rise sharply.

HSFO values remain well supported by tightness in the wider fuel oil market, as the Opec+ cuts result in a shortage of residue. With gasoil/diesel and gasoline prices relatively low because of poor transport fuel demand, both the MGO 0.1pc sulphur and VLSFO 0.5pc sulphur scrubber spreads have been very narrow in recent months. Transport fuel demand should rise over the remainder of 2024, pull up prices and push the spreads wider again.

Feedstock prices for biofuel blends remain low in the face of oversupply, but have been volatile because of market uncertainty about the Europe Commission's anticipated anti-dumping measures against the Chinese biodiesel industry. An announcement regarding these measures is supposed to be imminent.

Key bunker prices, dob					
	May 24	Jun 24	Jul 24mtd	Aug 24f	Sep 24f
<b>3.5%S fuel oil (HSFO) 380cst</b> \$/t					
Rotterdam	471	480	506	519	510
Singapore	524	516	527	539	516
Houston	482	463	488	517	505
Fujairah	510	495	507	515	493
<b>0.1%S (MGO)</b>					
Rotterdam	730	735	751	781	798
Singapore	719	722	753	780	808
Houston	785	756	831	830	857
Fujairah	853	822	836	862	890
<b>0.5%S (VLSFO)</b> \$/t					
Rotterdam	554	544	572	609	623
Singapore	609	591	623	650	660
Houston	573	559	599	623	648
Fujairah	607	592	627	657	661
<b>Marine biofuel</b> \$/t					
B30 ARA (Fame Advanced & VLSFO )	767	771	800	840	842
B30 ARA (Ucome & VLSFO )	822	824	845	897	908
B100 ARA (Fame Advanced )	1173	1211	1241	1289	1262
B24 Singapore (Ucome & VLSFO)	736	714	741	780	784
B24 Algeciras-Gibraltar (Ucome & VLSFO)	793	784	810	860	873
<b>Grey methanol</b> \$/t VLSFOe					
Methanol Rotterdam	700	753	750	735	726
Methanol southeast Asia	790	800	779	768	773
Methanol US Gulf coast	703	763	784	766	761
<b>LNG</b> \$/t VLSFOe					
LNG NWE bunker	540	566	541	511	524
<b>Bunker marker</b>					
<b>Grey ammonia</b> \$/t VLSFOe					
Ammonia cfr NWE	1057	1037	926	893	859
Ammonia cfr east Asia	851	920	988	920	752
Ammonia fob Caribbean	956	901	815	781	746
Ammonia fob Middle East	642	701	782	749	659

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## Alternative marine fuel vs VLSFO next month forecast



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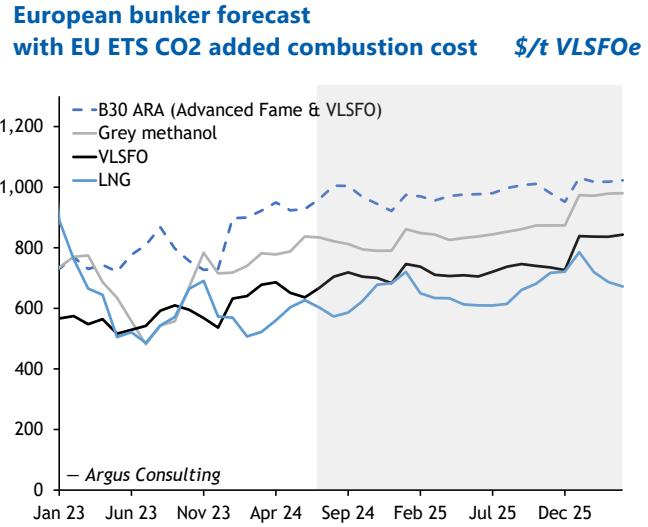
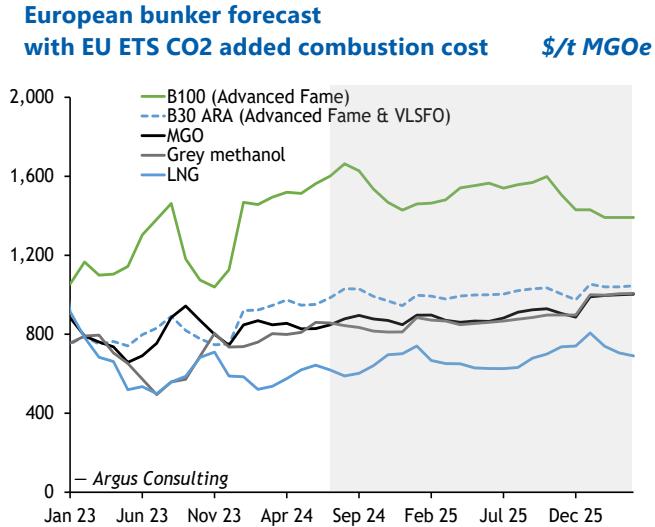
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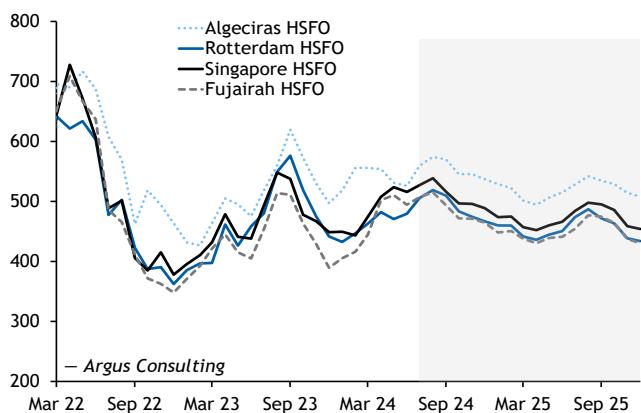
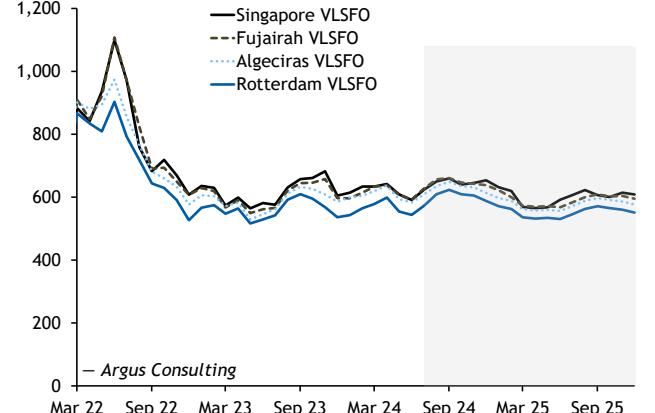
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# EUROPE

European bunker forecast											\$/t
	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	4Q24	1Q25	2Q25	3Q25
<b>Crude price forecast</b>											
North Sea Dated	616	620	660	663	678	663	655	655	628	602	630
<b>Conventional</b>											
<b>Fob NWE</b>											
3.5%S HSFO 380cst	463	473	505	508	499	472	463	463	442	432	464
0.1%S MGO	731	744	768	792	809	779	775	770	721	699	739
0.5%S VLSFO	547	540	572	600	615	601	597	593	549	524	552
<b>Dob</b>											
3.5%S HSFO 380cst Rotterdam	471	480	506	519	510	483	475	475	454	444	478
0.1%S MGO ARA	730	735	751	781	798	781	773	768	710	686	728
0.1% fuel oil Rotterdam	717	722	739	768	786	768	760	756	698	674	716
0.5%S VLSFO ARA	554	544	572	609	623	609	605	601	557	532	560
3.5%S HSFO 380cst Algeciras	531	526	560	574	570	546	546	543	517	505	535
0.1% MGO Algeciras	793	794	822	843	863	844	842	836	796	764	798
0.5%S VLSFO Algeciras	594	583	608	635	649	635	631	627	582	558	586
<b>Alternative</b>											
<b>Dob</b>											
B30 ARA (Fame Advanced & VLSFO )	767	771	800	840	842	811	792	828	791	758	761
B30 ARA (Ucome & VLSFO )	822	824	845	897	908	885	871	883	870	837	841
B100 ARA (Fame Advanced)	1173	1211	1241	1289	1262	1190	1138	1264	1145	1138	1204
B24 Algeciras-Gibraltar (Ucome & VLSFO)	793	784	810	860	873	852	840	838	803	801	823
<b>\$/t VLSFOe</b>											
B30 ARA (Fame Advanced & VLSFO )	856	863	894	938	937	901	878	923	878	844	852
B30 ARA (Ucome & VLSFO )	924	929	981	1009	1020	994	978	1003	977	943	952
B100 ARA (Fame Advanced)	1473	1521	1558	1619	1584	1494	1429	1587	1438	1429	1512
B24 Algeciras-Gibraltar (Ucome & VLSFO)	996	985	1018	1081	1096	1070	1055	1053	1008	1006	1034
Grey methanol Rotterdam	700	753	750	735	726	708	703	737	705	692	673
LNG bunker NWE	540	566	541	511	524	562	616	525	599	554	504
<b>\$/t MGOe</b>											
B30 ARA (Fame Advanced & VLSFO )	879	886	919	964	963	925	902	948	902	867	875
B30 ARA (Ucome & VLSFO )	949	954	1008	1037	1048	1022	1004	1031	1004	969	979
B100 ARA (Fame Advanced)	1513	1563	1601	1663	1628	1535	1468	1631	1477	1468	1553
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1023	1012	1046	1110	1126	1099	1084	1082	1036	1034	1062
Grey methanol Rotterdam	719	774	771	755	746	727	723	757	724	711	691
LNG NWE bunker	555	582	555	525	538	577	632	539	616	569	518
<b>European bunker marker</b>											
Grey ammonia cfr NWE \$/t VLSFOe	1037	1013	949	915	893	960	982	982	941	-	-
Grey ammonia cfr NWE \$/t MGOe	1065	1041	975	940	917	986	1009	1009	967	-	-

European bunker forecast with EU ETS CO2 added combustion cost									
	May 24	Jun 24	Jul 24	Aug 24	Sep 24	3Q24	4Q24	1Q25	2Q25
<b>Conventional including CO2 cost</b>									
0.1%S MGO ARA	828	829	848	878	895	874	865	888	864
0.5% fuel oil Rotterdam	651	636	667	704	718	697	696	731	707
<b>Alternative including CO2 cost</b>									
B30 ARA (Fame Advanced & VLSFO )	835	836	867	907	909	894	858	881	883
B30 ARA (Ucome & VLSFO )	890	889	912	964	974	950	937	959	963
B24 Algeciras-Gibraltar (Ucome & VLSFO)	866	855	883	933	945	920	911	936	934
<b>\$/t VLSFOe</b>									
B30 ARA (Fame Advanced & VLSFO )	923	928	961	1005	1004	990	944	967	974
B30 ARA (Ucome & VLSFO )	991	993	1048	1076	1087	1070	1044	1065	1075
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1069	1055	1090	1153	1168	1137	1125	1141	1139
Grey methanol Rotterdam	788	837	834	821	812	823	792	851	832
LNG bunker NWE	603	627	603	573	586	587	662	668	619
<b>\$/t MGOe</b>									
B30 ARA (Fame Advanced & VLSFO )	947	951	985	1030	1030	1015	968	990	998
B30 ARA (Ucome & VLSFO )	1048	1048	1081	1104	1115	1100	1071	1091	1101
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1097	1082	1118	1183	1198	1166	1154	1169	1167
Grey methanol Rotterdam	810	860	857	844	835	845	813	874	855
LNG NWE bunker	620	644	619	589	602	603	680	686	636



**HSFO price forecast, dob****VLSFO price forecast, dob**

## Prices

### Conventional fuels

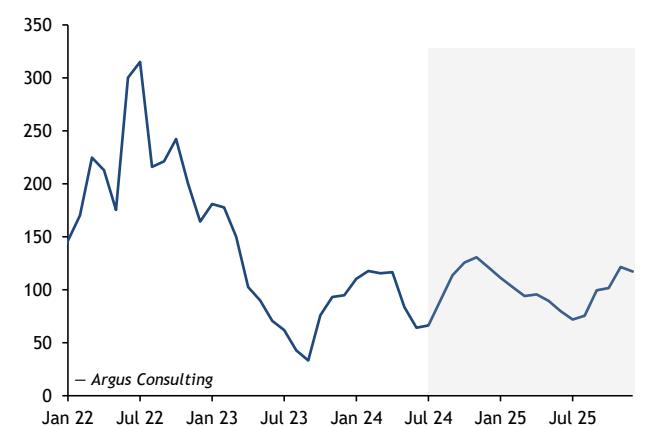
#### HSFO tightness eases

Northwest Europe high sulphur-fuel oil (HSFO) bunker prices strengthened in the first half of July, driven by the strength in crude prices, with North Sea Dated averaging \$87.69/bl over the same period, up from June's average of \$82.40/bl.

The rise in crude prices in Europe pushed the delivered HSFO crack spread in the first two weeks of July to a \$154.49/t discount to North Sea Dated, out from a \$140.91/t discount in June. While the HSFO market began the month on a firmer footing, tightness is now easing, partly because of a lack of workable arbitrages out of Europe, but also because of an uptick in arrivals in Europe. HSFO cargoes have come to Europe this month from Latin America, and Mexico in particular, offsetting lower supplies from the Mideast Gulf. The rise in imports is putting pressure on prices by easing the tightness in Rotterdam and the wider ARA hub, where

independently held fuel oil stocks are 8pc down in the first half of July compared with the whole month of June, according to Insights Global data.

The product is mainly being used for blending and then sold into the ARA barge spot market, as opposed to being used as feedstock for secondary refining units — vacuum gasoil (VGO)-based hydrocracking and fluid catalytic cracking (FCC) margins are more attractive. Demand for HSFO in the bunker market, however, has tailed off somewhat in ARA, according to market participants. And demand for it as a secondary feedstock in the region is being capped by lower road transportation demand. This is not what we would normally expect to see at this time of year, given that driving demand during the northern hemisphere summer months — and particularly in the US — has tended to buoy gasoline margins. This will have contributed to a narrowing of the sulphur spread in the European VGO market, given that higher-sulphur product is typically refined in a hydrocracker to lift diesel yields, while lower-sulphur material is fed into an FCC unit to raise gasoline output.

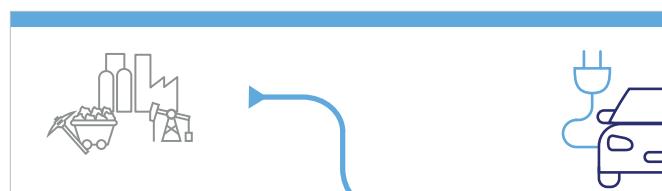
**NWE bunker cracks vs NSD****NWE VLSFO-HSFO spread**

## VLSFO supplies remain ample

Delivered VLSFO crack spreads in northwest Europe have continued to weaken this month, despite stronger bunker prices. The bunker price averaged \$572.08/t in the first half of July, up from \$543.71/t in June, following the strength in crude values.

In the low-sulphur straight-run fuel oil (LSSR) market, participants say the recent start-up of Nigeria's 650,000 b/d Dangote refinery has reduced the scope for European sellers to move product to the US and Asia and created more competition in the Atlantic basin market. A third of the LSSR exported in June loaded from Nigeria, according to Vortexa. And Dangote is likely to maintain its LSSR exports around current levels as the refinery continues ramping up — the imminent start-up of its reformer, for example, should enable the plant to boost runs. Dangote LSSR exports will only start to decline once the RFCC unit is on line, something that Argus Consulting expects to see towards the end of this year or early next year.

In June, European ports received around 254,000t of the low-sulphur grade, according to Vortexa, but that was down on May receipts of 494,000t. Latest data show about the same volume is due to arrive in July. Meanwhile, runs at secondary units should start rising as refineries emerge from maintenance season, but feedstock interest has been capped by tepid road fuels consumption.



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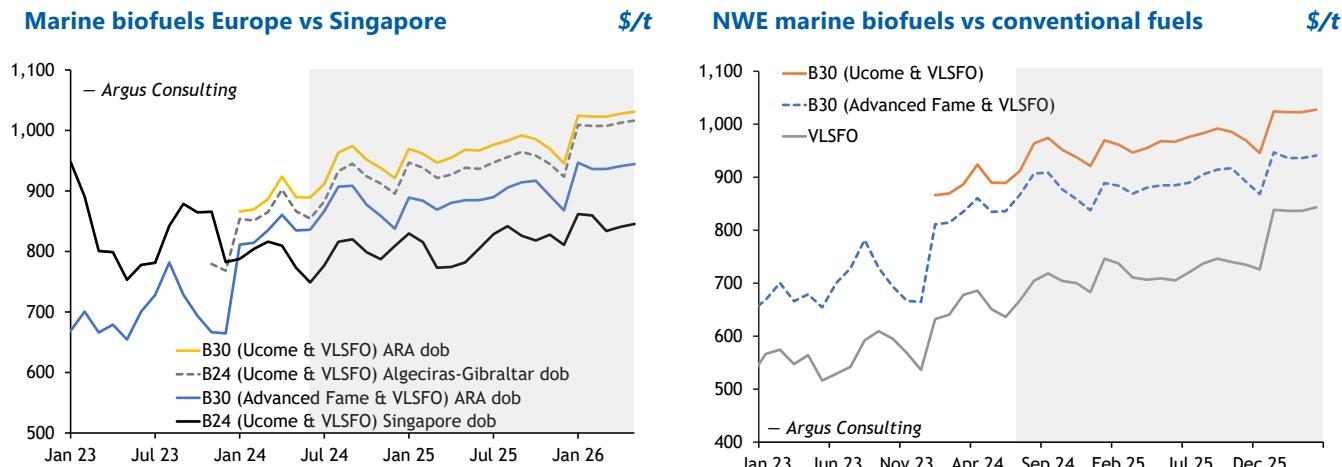
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## Alternative fuels

### Biofuels

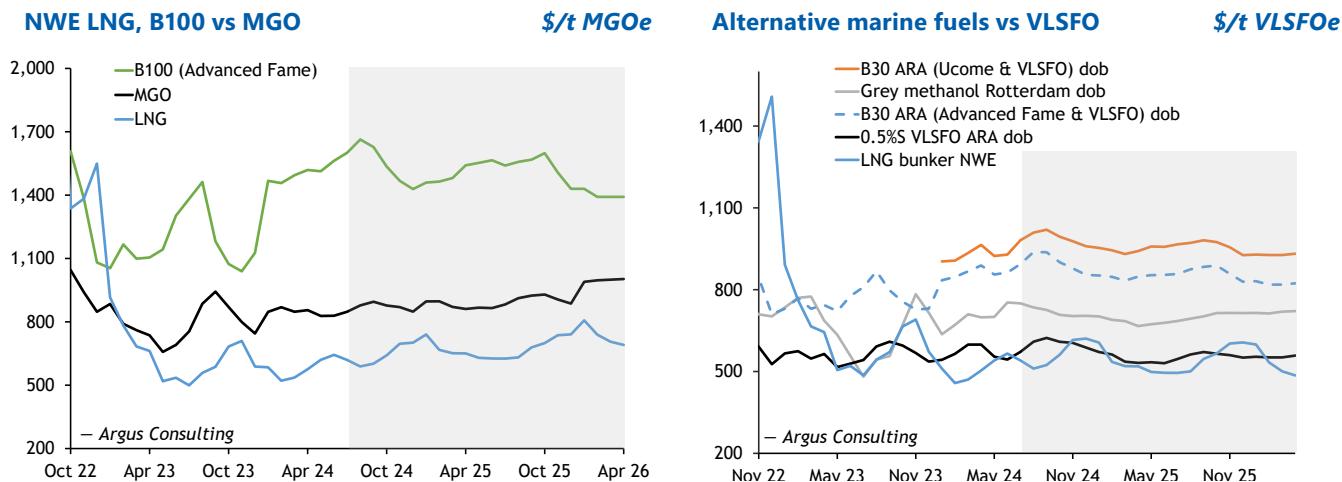
#### Biodiesel prices pressured by weak fundamentals

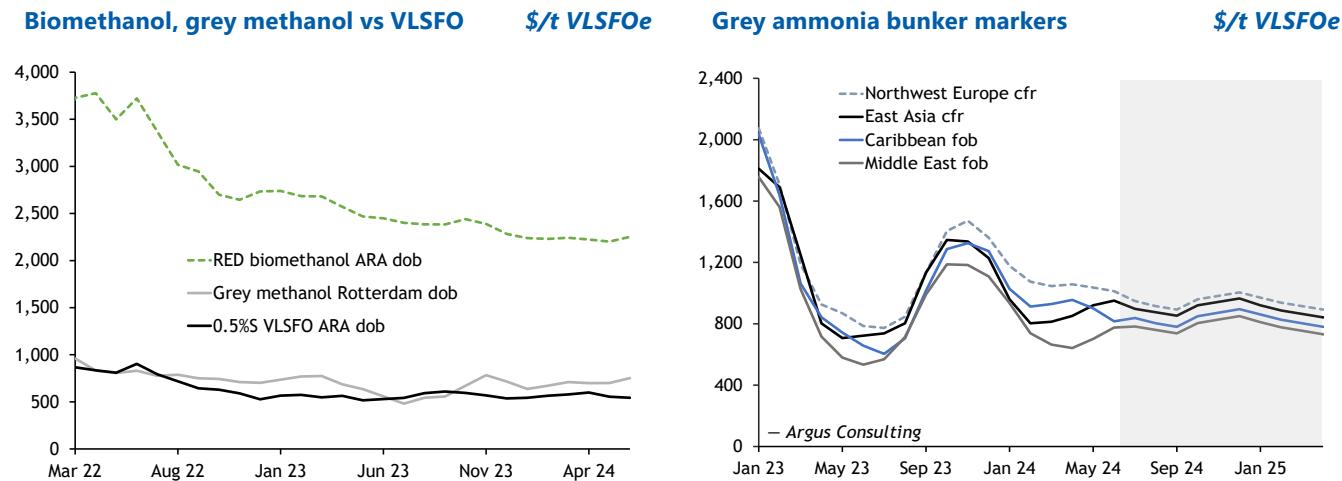
Following a rally over the second half of May, most European biodiesel grades held steady before rising at the end of June, with a notable dip mid-month. Ucome prices averaged \$1,348/t in June, up by 2.5pc on May.

Waste-based prices climbed between 25 June and 5 July — Advanced FAME 0 and Ucome values both rose by \$58/t. But prices for hydrogenated vegetable oil (HVO) have been at record lows recently, keeping up the downward pressure on biodiesel prices. HVO is a chemically distinct product from biodiesel, but they are produced from the same feedstock, and both are used for diesel-biofuel blends. HVO has always commanded a premium to biodiesel — across 2022-23, this premium averaged \$900/t. But by last month, this premium had contracted to \$211/t, squeezing Ucome and Advanced FAME 0 prices.

VLSFO prices weakened through June, with B24 Ucome dob Algeciras-Gibraltar blend values down by 1.1pc, at \$784/t. But supported by a higher biodiesel content, B30 Ucome dob ARA range blend prices rose by 0.3pc to \$824/t. But so far this month, supported by strong VLSFO prices and a slight rise in Ucome prices, B24 Ucome dob Algeciras-Gibraltar and B30 Ucome dob ARA prices are up by \$26/t and \$21/t, respectively, from June.

European biodiesel prices have been volatile during the first half of this month, with market participants still waiting for the European Commission's announcement of any provisional anti-dumping duties on Chinese biodiesel. Ucome prices are forecast to average \$1,438/t during July, up by 6.5pc on the previous month, although this assumes there will be no further delays to the European Commission's announcements and that prices do not increase any further in response. Ucome prices are expected to hold at this level until October as weak market fundamentals prevent any further gains from materialising.





### Advanced FAME 0 premiums weaken

European Advanced FAME 0 fob ARA prices averaged \$1,443/t in June, up by 2.4pc on May, despite considerable volatility through the month.

Prices for Dutch advanced renewable fuel units (HBE-Gs) rallied on 3 June, rising to €9/GJ, but have since retreated and stood at €8.05/GJ on 15 July. As prices weakened, both B100 and B30 advanced FAME 0 fob ARA values — which incorporate a deduction of the value of Dutch HBE-Gs — firmed up to recover lost value in the HBE-G. B100 rose to \$1,281/t and B30 to \$820/t on 5 July, the highest for both blends since the first week of April. But both grades have since weakened on falling Advanced FAME 0 prices.

Advanced FAME 0 prices are forecast to rise by a further 6.0pc in July on firmer diesel demand and an expectation that the Advanced FAME 0-UCOME fob ARA spread will widen from \$95/t to \$110/t over the summer months. But there are signs that Advanced FAME 0 demand is falling in Germany, and the premium contracted to \$40/t on 12 July. It is too early to tell if premiums will hold at this level or if they will quickly recover, as European biodiesel prices have fluctuated since the start of the year, reflecting short-lived reactions to news. We have tentatively kept the Advanced FAME 0 premium at \$110/t in the forecast, as we continue monitoring the market's reaction to a weaker spread.

### Dutch HBEs from shipping drop

In the first half of 2024, the number of HBEs generated by Dutch oil companies totalled 1.35mn, down by 17pc on the year thanks to a large carryover and despite this year's higher blending targets. Both the total number and share of HBEs generated from supplying biofuels to the maritime sector also fell on the year. The number generated in January-June

fell by 76pc on the year to 134,000. And the maritime sector accounted for 10pc of all HBEs generated, down from 37pc in the first half of 2023.

Bookings from the maritime sector dropped after the Netherlands Emissions Authority (NEA) removed brown grease from the list of approved advanced feedstocks at the start of 2023. Lower HBE generation from the sector was expected after the Dutch government halved the multiplier for biofuels in maritime shipping to 0.4, to restore the balance of biofuels used between road transport and sea shipping and prepare the sector for higher blending targets to be introduced under the recast EU Renewable Energy Directive (RED III) in 2025.

### Regulation

#### EU postpones China biodiesel decision again

The European Commission postponed for a second time pre-disclosure of provisional anti-dumping measures against Chinese biodiesel from 28 June to 19 July. The provisional measures are now due to come into effect by 16 August, rather than 20 July. Provisional anti-dumping measures have a maximum duration of six months. Any definitive measures are still expected to be implemented by February 2025.

### LNG

#### Gas prices hinge on industrial demand

The delivered-on-board LNG bunker price in northwest Europe fell in the first half of July to \$13.80/mn Btu, or \$540/t VLSFOe. Bunker LNG prices hit a 2024 high of \$566/t VLSFOe in June. Falling prices in the first two weeks of July were underpinned by the TTF price, which in turn was pulled down by weaker coal prices. Indeed the TTF price has fallen in July despite firmer LNG demand from Asia drawing cargoes away

from Europe. However, demand from Asia is expected to be short-lived — the cargoes sought were reported to be for restocking as opposed to any uptick in consumption. And with no significant growth in manufacturing output in China and Japan, LNG import demand is expected to fade.

There is a degree of uncertainty surrounding the forecast for the TTF price for the remainder of summer. The price has fallen to a level that might begin to stimulate demand from industrial sectors, bolstered by a rise in LPG and ammonia prices, which now look less competitive against natural gas. But any increase in gas consumption by industry could push prices higher to the point that restrains further demand growth, so gas prices are finely balanced, oscillating between levels that incentivise and disincentivise demand.

By the fourth quarter, prices will become more dependent on the power sector, and the seasonal rise in demand for heating will push prices higher. But the TTF price in October–December is forecast to average \$11.8/mn Btu, down from \$12.9/mn Btu a year earlier. Europe will head into the winter heating season with comfortable gas stocks. Inventories are on pace to reach capacity by mid-September — well ahead of the usual start of the heating season.

### Bunker LNG price advantage to widen by 2025

The lower TTF price forecast for the fourth quarter means that the delivered bunker LNG price is forecast to average \$599/t VLSFOe, down from \$643/t VLSFOe a year earlier. This excludes the cost of complying with the EU ETS. Including this cost, which this year covers 40pc of shipping emissions, then the delivered LNG price rises to \$662/t VLSFOe in the fourth quarter of 2024 — up on the year, despite the fall in the underlying TTF price. But this is lower than the northwest Europe VLSFO price, which is forecast to average \$696/t in the final quarter, including EU ETS costs that result in a greater cost burden for conventional bunker fuels than bunker LNG owing to their higher carbon content.

Moving into 2025, the EU ETS will apply to 70pc of shipping emissions, further increasing delivered LNG bunker prices. We see the LNG bunker price averaging \$655/t VLSFOe next year, including the cost of covering 70pc of emissions. VLSFO is forecast to average \$727/t in 2025.

## Regulation

### ETS exemptions hit Canaries bio-marine fuel demand

Spain's Cepsa has delayed plans to supply marine biodiesel blends in the Canary Islands, citing increased demand for conventional bunker fuels and EU regulatory exemptions. There has been a sharp rise in conventional bunker fuel demand in recent months as vessels are re-routed around the Cape of Good Hope to avoid Houthi attacks in the Red Sea.

Vessels have been filling up with bunker fuels before and after sailing around the cape to avoid stopping on the way. Latest data from the Spanish transport ministry show conventional bunker sales in the Canary Islands in May were up by 3pc on April and 41pc year on year. This has pushed suppliers to retain barges for conventional bunker fuels, reducing capacity to supply marine biodiesel blends.

Market participants told *Argus* say EU regulatory exemptions for vessels sailing between the islands and mainland Spain also explains low marine biodiesel demand in the Canary Islands. Article 12 (3b) of the EU's ETS directive states: "An obligation to surrender allowances shall not arise in respect of emissions released until 31 December 2030 from voyages between a port located in an outermost region of a member state and a port located in the same member state, including voyages between ports within an outermost region and voyages between ports in the outermost regions of the same member state, and from the activities, within a port, of such ships in relation to such voyages." *Argus* understands that this exemption applies to all vessels covered under the scope of the EU ETS, but would not apply if the vessel is sailing from an outermost region, such as the Canary Islands, to a different EU member nation.

A similar exemption for FuelEU Maritime regulations might be applicable as well, subject to member states asking for the exemption of specific ports and routes for the vessels. Such an exemption could apply until 2029. *Argus* understands that requests from member states for this exemption will be published in the coming months. An exemption from FuelEU Maritime regulations could also be applied to routes connecting islands with a population under 200,000. This specific carve-out would therefore not apply to Tenerife and Gran Canaria, but could apply to other parts of the Canary Islands with smaller populations.

## Demand

### Diversions away from Red Sea continue

There is little sign of tensions easing in the Red Sea, where Yemen's Houthi rebels continue to attack commercial vessels, although we still expect vessel diversions to end in 2025. The longer route around the Cape of Good Hope, and with some ships fast steaming, is pushing up bunker demand. We estimate that diversions will add 15.8mn t to global bunker demand in 2024, lifting conventional demand to 293mn t. Most of the additional demand is at the major bunkering hubs of Singapore and Rotterdam, but smaller ports, such as those in the Canary Islands, are also seeing demand surges.

Were the diversions to stop, we see bunker demand falling to 280mn t next year. By 2026 we expect growing demand for alternative fuels to start eroding demand for conventional fuels, and we see a small drop in demand in 2026 to 278mn t.

Since IMO regulations limiting marine fuels sulphur content in international waters were introduced in 2020, most conventional demand has been for VLSFO. But sales of HSFO have been rising and are expected to keep rising over the coming years, reducing sales of VLSFO, although VLSFO will still account for most demand. In 2024, we see VLSFO making up 51pc of conventional bunker sales, dropping to 50pc in 2025 and 49pc in 2026. Sales of HSFO are expected to make up 21pc of total sales in 2024, 22pc in 2025 and 23pc in 2026. Consistent yearly growth in HSFO demand reflects a growing fleet of scrubber-fitted vessels, which can burn HSFO and still meet IMO regulations. Data from DNV indicates that the scrubber fitted vessel fleet will grow by 4pc in 2024.

### European demand to follow global trends

Demand in Europe is expected to follow global trends in the coming years. Growth in demand in 2024, to 63.2mn t, is sup-

ported by the Red Sea diversions and a gradually improving economic environment in Europe. The seasonally adjusted North Range RWI/ISL container throughput index — an indication of economic development in the northern eurozone — was up on the year every month from February to May. Although economic recovery is expected to continue into 2025, we assume that an end to the diversions away from the Red Sea result in conventional demand falling to 60.3mn t. We then expect a small drop in conventional demand in 2026, to 59.9mn t, as demand for alternative fuels rises.

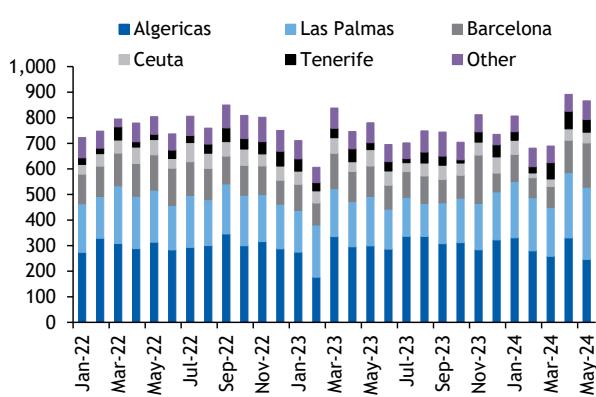
Rising demand for alternative fuels in Europe is supported by the FuelEU maritime regulation that will come into effect at the beginning of 2025. This targets a 2pc reduction in greenhouse gas intensity by 2pc relative to 2020 and an 80pc reduction by 2050. As a result, we should see an increasing number of vessels that can run on alternative fuels on order. Danish shipper Maersk has 18 methanol-enabled container ships on order, and two have already been delivered, the second to Koper in Slovenia. The remaining ships are scheduled to be delivered and commissioned by the end of 2025.

### Spanish sales supported by cape diversions

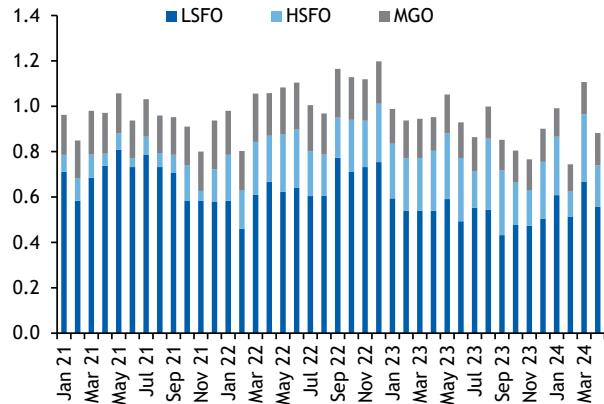
Bunker sales in Spain rose by 11pc on the year to 866,100t in May, according to transport ministry data. For the first time in over a year, sales at Las Palmas, at 282,400t, exceeded those in Algeciras, at 246,000t, which is usually Spain's busiest biggest bunkering hub. Las Palmas is in the Canary Islands, and bunker demand there has been supported by the vessel diversions around the Cape of Good Hope. Sales at Las Palmas have been up on the year every month since December 2023. Bunker fuel sales in Tenerife, also in the Canary Islands, rose by 82pc on the year to 49,700t in May.

Demand for bio-fuel blends has not risen to the same extent as conventional fuel demand in the Canary Islands. This is in

### Spain bunker sales by port '000 t



### Netherlands bunker sales mn t



Europe bunker fuel demand	2022	2023	2024	2025	2026	mn t
VLSFO	32.8	31.6	32.5	29.9	28.7	
HSFO	6.4	8.2	9.8	10.2	11.1	
MGO	18.3	19.5	21.0	20.3	20.1	
<b>Total</b>	<b>57.4</b>	<b>59.2</b>	<b>63.2</b>	<b>60.3</b>	<b>59.9</b>	

part because increased demand for conventional fuels has meant more barges have been retained for this end, reducing availability for marine biodiesel blends. Market participants also point to EU exemptions to the ETS for vessels sailing between mainland Spain and its islands.

### Bunker sales in the Netherlands fall in April

Bunker sales in the Netherlands fell by 7pc on the month and 20pc on the year in April to 882,000t, according to Statline data. Sales of LSFO fell by 16pc on the month to 558,000t. Sales of HSFO fell by 39pc on the month to 181mn t. But MGO sales rose by 1pc on the month to 143,000t.

## Supply

### ARA stocks trend lower, but tightness set to ease

The disruption in the Red Sea that forces vessels to divert around the Cape of Good Hope continues to boost demand for HSFO on the route, as vessel fitted with scrubbers are choosing to consume more affordable HSFO to partly offset the extra costs from a longer voyage. In line with strong bunker sales in the ARA region, independent stocks of fuel oil had trended lower to 1.4mn t by 11 July.

Apart from robust demand, the stockdraw is also attributed to reduced imports. Only around 260,000t of fuel oil arrived in northwest Europe in June, down by almost 500,000t on May, according to Vortexa's vessel tracking data. Shipments from the US have dried up and imports from Algeria have fallen — only 20,000t of Algerian LSSR, which can be blended into the VLSFO pool, arrived in the Netherlands in June, down from almost 200,000t in May. The slowdown in June imports might have been caused by May's stockbuild — the result of three months of strong imports since March. But imports are poised to rebound this month, as more supplies from the US and Saudi Arabia arrive.

### Dutch fuel oil output highest since mid-2022

Although refinery output of fuel oil in the EU 15 plus Norway had dropped from over 900,000 b/d at the start of the year to around 820,000 b/d in May, countries in the ARA region —

where bunkering demand remains firm — might have opted to maintain relatively high fuel oil output, especially HSFO. The Netherlands, for example, boosted HSFO production by 20pc on the month to 214,000t in April — the highest since July 2022. This led to a monthly stockbuild of over 100,000t, bringing the country's HSFO stocks to 514,000t, although this was still 7pc lower on the year. But despite lower output and imports of LSFO, stocks of the low-sulphur product increased by 11pc to 1.9mn t, showing the relative strength of the HSFO market. The Port of Rotterdam recorded HSFO bunker sales of 860,00t in the first quarter, up by over 200,000t from the fourth quarter of 2023.

### Refinery disruptions?

Supply in the region will be boosted in the short term by greater import availability, especially from the Middle East, where summer stockbuilding should start slowing and suppliers should be able to export more. But extreme heat could threaten refinery operations, especially in the Mediterranean, as we saw from last summer's series of outages. If refineries in the Mediterranean need to run at lower rates, the European fuel oil balance could grow tighter.

# Asia-Pacific

Asia-Pacific bunker forecast											\$/t
	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	4Q24	1Q25	2Q25	3Q25
<b>Crude price forecast</b>											
Dubai	605	597	622	632	648	635	625	627	604	578	605
<b>Conventional</b>											
<b>Fob Singapore</b>											
3.5%S HSFO 380cst	503	501	515	523	500	481	480	478	453	444	477
0.5%S VLSFO	598	585	618	645	648	627	623	628	589	559	595
<b>Dob Singapore</b>											
3.5%S HSFO 380cst	524	516	527	539	516	497	496	494	469	459	492
0.1%S MGO	719	722	753	780	808	802	793	796	731	694	738
0.5%S VLSFO	609	591	623	650	660	640	645	646	607	575	612
<b>Alternative</b>											
<b>Dob</b>											
B24 Singapore (Ucome & VLSFO)	736	714	741	780	784	763	751	768	762	740	721
<b>\$/t VLSFOe</b>											
B24 Singapore (Ucome & VLSFO)	783	759	788	829	833	811	798	817	810	786	766
Grey methanol southeast Asia	790	800	779	768	773	784	794	774	799	804	780
<b>\$/t MGOe</b>											
B24 Singapore (Ucome & VLSFO)	804	779	809	851	856	832	820	838	832	807	787
Grey methanol southeast Asia	811	821	800	789	794	805	815	794	820	826	801
<b>Asia-Pacific bunker marker</b>											
Grey ammonia cfr east Asia \$/t VLSFOe	920	951	898	875	853	920	943	943	890	-	-
Grey ammonia cfr east Asia \$/t MGOe	945	976	922	899	876	945	968	968	914	-	-

## Prices

### Conventional fuels

#### Singapore scrubber spread widens

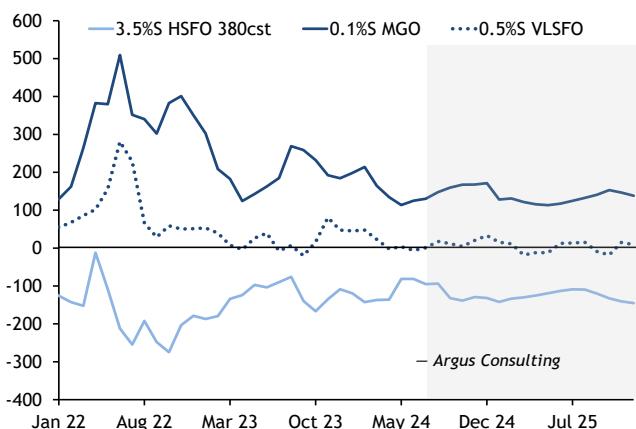
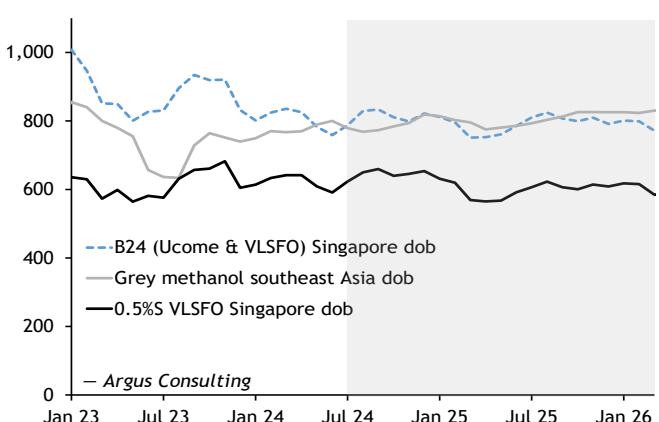
The delivered scrubber spread in Singapore widened in the first half of July to \$95.95/t after approaching a four-year low of \$75.24/t in June. This is mainly attributed to stronger VLSFO prices, with the delivered price rising to a two-month high of \$623.25/t over the same period. As such, the delivered Singapore VLSFO crack spread flipped back to a premium to Dubai crude in the first half of July of \$0.70/bl, against

a \$6.05/t discount in June. But prices are likely to come under pressure as fresh supplies emerge from Kuwait's al-Zour refinery. Kuwait's state-owned KPC sold a 130,000t VLSFO spot cargo for July loading from al-Zour — a surprising move at a time of peak summer domestic demand. The spot cargo follows a July-loading VLSFO cargo from the refinery sold in a term tender awarded in May. The refiner has probably completed summer stockpiling while also operating at higher capacity, leaving more available for exports. In theory, al-Zour at capacity should be able to export 500,000-600,000 t/month of VLSFO, after reserving some for domestic use, even during summer months. But disruption since last year is means flows from the refinery have been unpredictable.



Exports from Nigeria continue to be diverted to Asia at a time of weak feedstock demand in the Atlantic basin. This has diverted more LSSR to the VLSFO blend pool, adding to an already well supplied market. Even without the resumption of heavy sweet Dar Blend crude exports from Sudan, supply remains ample. LSSR global exports hit 1.45mn t in June, the highest since at least 2017, Kpler data show, driven by exports from Nigeria and Algeria.

HSFO crack spreads have averaged minus \$95.25/t in the first half of July, out from an average of minus \$81.29/t in June. Tightness in the HSFO market east of Suez is starting to ease as more supplies are made available, mainly from Kuwait,

**Singapore bunker cracks vs Dubai crude****Alternative marine fuels vs VLSFO**

Iraq, Pakistan and India. Additional supplies are also arriving from Russia, the US and Mexico.

Meanwhile, consumption of conventional bunker fuels has been steady in Singapore — except for HSFO, sales of which rose by 26pc on the year to 1.56mn t in June, and by 29pc on the year in January-June. Firmer demand has continued for lower-priced HSFO, particularly for vessel owners hoping to maximise use of exhaust scrubber systems.

VLSFO consumption was down by 2pc on the year in the first six months of 2024, with overall demand largely unchanged. Supplies have been higher in Singapore since the second quarter and are expected to stay elevated in the short term, according to market participants.

The global HSFO market still looks tight in the near term, however. The Singapore HSFO forward curve is still in backwardation, widening to its highest in almost a month on 16 July, at \$15.50/t, possibly reflecting a weekly drawdown in inland stocks — these fell to 17.81mn bl in the week of 10 July, down from 19.6mn bl the week before.

## Alternative fuels

### Biofuels

#### Biodiesel prices flat

Ucome fob China prices averaged \$1,000/t for a second consecutive month, reflecting a lack of representable trade discussions. Prices have held flat since the last week of April, and the latest trade data show biodiesel exports to Europe at three-year lows. It is clear the market is waiting for an announcement from the European Commission on the outcome of the anti-dumping duty investigation. This was originally due on 28 June, but has been delayed twice, and is now due on 19 July, with any provisional measures coming into effect on 16 August.

B24 dob Singapore prices averaged \$714/t in June, down by 3.1pc from May. Prices have held close to \$741/t in July, up by \$37t, and we expect them to stay at this level through the month. The Ucome fob China forecast has been steady at \$1,000/t for July, and we expect prices will be unchanged until at least 19 July. After the preliminary measures are disclosed, we expect some trade to resume, with August's average price set to increase to \$1,092/t, tracking firmer European biodiesel prices.

#### Singapore-ARA discount narrows

The average discount of B24 dob Singapore to B30 Ucome dob ARA narrowed from an average of \$110/t in June to \$104/t in the first half of July, driven by stronger bunker prices in Singapore. The spread is forecast to widen again to \$124/t by September, as rising European prices outpace a more modest rise in Singapore.

## Demand

### Bunker sales rise on the year in Singapore

Bunker sales at the Port of Singapore were up by 1.2pc on the year, but down 11pc on the month, at 4.27mn t in June, according to the Maritime and Port Authority of Singapore. Year-on-year rises in demand have been supported by tension in the Red Sea causing vessels to divert around the Cape of Good Hope since mid-December. Total demand in January-June, was up by 8pc on the year. Some 40pc of the additional demand from Red Sea diversions has been in Singapore, the International Bunker Industry Association says.

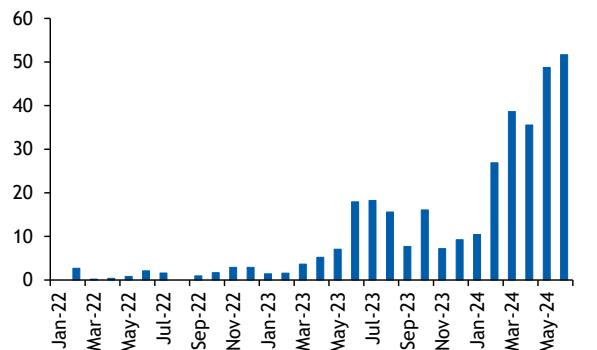
Sales of HSFO rose by 26pc on the year to 1.6mn t in June, and have risen on the year every month for the past two years. This partly reflects the growing number of scrubber-fitted vessels globally. But HSFO demand growth has been particularly strong in January-June — up by 20pc on the year every month. Most vessels rerouted away from the Red Sea are containerships, which are more likely to be have scrubbers fitted than oil tankers. So HSFO demand is drawing more support from the diversions than LSFO demand. LFSO sales fell by 1.7pc on the year to 2.3mn t in June.

LNG sales at Singapore rose by 189pc on the year to a record 51,700t in June, also supported by the Red Sea diversions, as well as LNG's lower price point against fuel oil. And bio-blend sales rose by 32pc on the year to 47,800t. Although alternative fuels demand is rising, they still account for only a small portion of bunker fuel demand. LNG and bio-blends combined accounted for 2.3pc of bunker sales in June.

### Strong bunker demand in 2024

Consistent with data from the Port of Singapore, we forecast strong growth in bunker demand in Asia-Pacific — by 6pc to 146.3mn t in 2024. We expect sales of HSFO to rise particularly strongly — by 21pc to 36.7mn t. In line with global trends, and the assumption that diversions around the Cape of Good Hope come to an end, we expect demand to drop to 138.1mn t in 2025. We then expect a smaller drop in demand in 2026, to 137.2mn t.

### Singapore LNG sales '000 t



### Japan bonded bunker sales fall on the year

Bonded bunker sales in Japan fell by 17pc on the year and 4pc on the month in May to 242,600t according to the Petroleum Association of Japan, reflecting a reduction in output from refineries.

### China bonded bunker sales rise

Bonded bunker sales in China rose on by 10pc on the month and 5pc on the year in June to 1.78mn t. The monthly rise came as some enterprises discounted prices to meet sales targets for the first half of the year.

### First bio-fuel bunkering at Port Klang, Malaysia

Biofuel bunkering services have been carried out for the first time at Port Klang, the largest port in Malaysia. The B24 biofuel blend transfer was completed at the end of June, followed by a second in mid-July. The bunkering was carried out by Banle Energy for Taiwanese containership firm Yang Ming Marine Transport in both cases.

Asia-Pacific bunker fuel demand					mn t
	2022	2023	2024	2025	2026
VLSFO	73.4	68.9	75.0	69.1	67.3
HSFO	28.1	30.4	36.7	35.6	36.7
MGO	34.8	39.1	34.6	33.5	33.2
<b>Total</b>	<b>136.3</b>	<b>138.4</b>	<b>146.3</b>	<b>138.1</b>	<b>137.2</b>

## Supply

### Singapore supply tightness eases on import rise

More supply is available in Singapore as imports increase. Fuel oil stocks in Singapore reversed their downward trend in June, rising by 2mn bl to 19.5mn bl. The build mainly reflects higher imports of HSFO from the US, Russia and Mexico. Exports from the US and Mexico returned to Singapore after a month's break — at 220,000t and 150,000t, respectively — while Russian deliveries increased by 96,000t to 475,000t. These extra supplies outweighed a drop in shipments from the Middle East, mainly the UAE and Iran.

But the HSFO market structure in Singapore remains in deep backwardation, with strong demand for HSFO amid the Red Sea disruption. Russia might be able to up deliveries, given a scaled down third-quarter refinery maintenance programme, but demand for Russian volumes is also strong in Saudi Arabia, China and India. And US supplies are under pressure from lower output following the end of US Gulf coast spring maintenance works, and fuel oil stocks in the US had dropped from 28.5mn bl at the start of June to 27.5mn bl by 5 July — lower than the seasonal norm.

### Pakistan adds new HSFO streams

Singapore might benefit from emerging supplies of HSFO from Pakistan, at least in the short term. In recent years, the Pakistani government has facilitated a shift to lower-priced fuels for power-generation, such as gas, coal and LNG. This reduced demand for fuel oil and probably contributed to a domestic stockbuild. In response, some Pakistani refineries have probably received approval to export surplus fuel oil to optimise operations.

The country resumed fuel oil exports, mostly HSFO, in April after a hiatus of four months, according to Vortexa data. Pakistani HSFO exports then increased by 66,000t to 175,000t in May, and were at around 130,000t in June. Although Pakistani HSFO exports are slowing in July, the shift from fuel oil for power generation will continue to encourage exports. Pakistani fuel oil exports have totalled almost 500,000t in 2024, up from 370,000t in 2023 and just 25,000t in 2022.

### China's imports of Russian fuel oil fall

Russia remains the top supplier of fuel oil to China, according to the latest Chinese customs data. The country's direct imports of Russian fuel oil dropped from 1.3mn t in April to 940,000t in May, but still accounted for over 40pc of Chinese imports. Russian fuel oil exports had been waning following a series of drone attacks on the refinery in the first quarter,

but Russian refiners seem to be becoming more adept at dealing with such disruption. Vortexa tracking data also suggest Russian fuel oil loadings of HSFO rebounded to around 2.9mn t in June, most of which headed for the Middle East and China.

Independent refiners take more than 85pc of China's total fuel oil imports, with the remainder typically heading for bonded storage at Zhoushan, from where it can be re-exported as bunker fuel. The share of bunker fuel in China's fuel oil imports has dropped from 91pc in 2020 to about 12pc in 2024, as state-owned refiners start to produce LSFO for bunkering, following the government's plan to develop a bunkering market. But Beijing has strict control over LSFO exports using a quota system — this year's LSFO export quota has been raised to 12mn t after an additional 4mn t was released in a second batch.

# Americas

North America bunker forecast											\$/t
	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	4Q24	1Q25	2Q25	3Q25
<b>Crude price forecast</b>											
WTI Houston	626	625	653	670	681	659	650	650	626	594	621
<b>Conventional</b>											
<b>Fob Houston</b>											
3.5%S HSFO 380cst	458	452	481	487	484	457	462	457	439	436	472
0.5%S VLSFO	580	572	599	623	649	641	630	628	597	560	583
<b>Dob Houston</b>											
3.5%S HSFO 380cst	482	463	488	517	505	478	482	478	460	454	488
0.1%S MGO	785	756	831	830	857	848	858	846	818	782	829
0.5%S VLSFO	573	559	599	623	648	640	630	628	598	562	584
<b>Alternative</b>											
<b>Dob US Gulf coast</b>											
<b>\$/t VLSFOe</b>											
Grey methanol	703	763	784	766	761	743	740	704	758	610	704
<b>\$/t MGOe</b>											
Grey methanol	756	821	843	824	818	800	795	757	815	656	757
<b>North America bunker marker</b>											
Grey ammonia fob Caribbean \$/t VLSFOe	901	816	838	804	781	849	872	872	830	-	-
Grey ammonia fob Caribbean \$/t MGOe	969	878	901	864	839	914	938	938	893	-	-

## Prices

### Conventional fuels

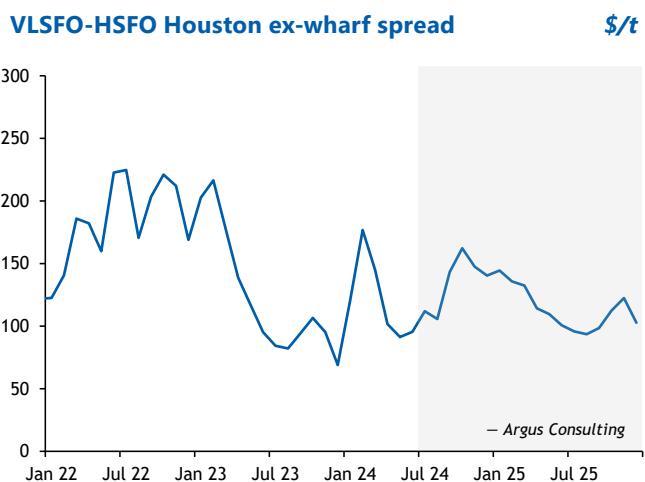
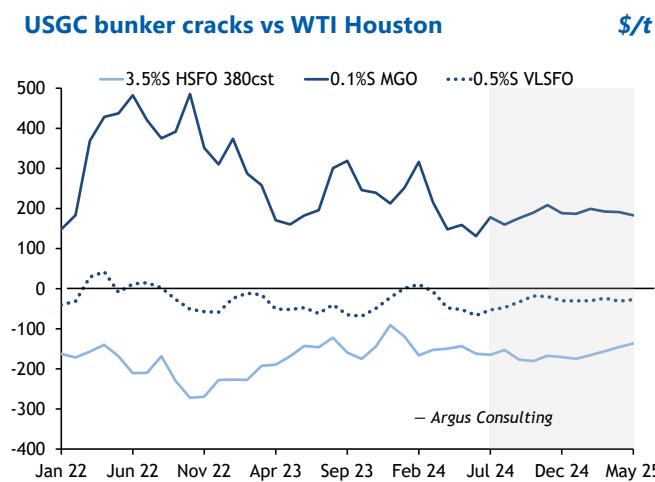
#### USGC sulphur spread widens

The spread between VLSFO and HSFO Houston ex-wharf widened in the first half of July to \$111.94/t, out from \$95.47/t in June. This reflects a stronger VLSFO market. US low-sulphur fuel oil exports rose to a seven-month high in June at 548,000t, according to Vortexa. US Gulf coast residual fuel oil stocks could fall further from their near six-month lows, as July imports are on pace for the smallest monthly total since at least January 2016. The current projection for this month

is for a 59pc drop from June and a decline of 64pc from July last year.

Gulf coast fuel oil supplies totalled 16.169mn bl in the week ending 5 July, down by 3.4pc on the week and the lowest weekly output since the week to 19 January, according to the latest US Energy Information Administration (EIA) weekly data. Supplies were down by 13pc on the year.

The dip in July fuel oil imports comes amid a drop in shipments from Latin America, in particular Mexico, and the Middle East. Imports from Mexico are on pace for a decline of 71pc from a year earlier, while arrivals from countries in



Latin America and the Middle East are expected to fall by 77pc and 6.2pc, respectively, from July 2023.

Prices for low and high-sulphur fuel oil grades at the US Gulf coast largely tracked higher crude values in the first half of July, reflecting muted trading following Hurricane Beryl's landfall along the Texas coast on 8 July. But tightening supply could support prices that have already climbed above month-earlier and year-earlier levels. The HSFO Houston ex-wharf price averaged \$487.50/t in the first half of July, up from \$463.26/t in June and \$461.53/t in July 2023. While the VLSFO Houston ex-wharf price averaged \$599.44/t, up from \$558.74/t and \$545.87/t over the same period.

Feedstock demand could, however, come under pressure following some weather-related disruption. An FCC at a Texas City refinery was shut down by a storm-related power outage on 8 July and news emerged on 16 July that the unit's restart will be delayed by two weeks. Another FCC at a Houston-area refinery was shut down on 15 July, but is expected to begin the restart process toward the week ending 21 July. Midcontinent, meanwhile, weather-related refinery outages have also been reported, with no clear sign how long these will last.



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## Demand

### Panama sales rise on increasing transits

Sales of bunker fuel in Panama in June were up on the year for the first time in nine months, but they were down on the month, according to the Panama Canal Authority (APC). Sales reached 385,700t, up by 0.7pc on the year, driven by sales of HSFO, which grew by 64pc to 109,500t. HSFO prices are lower than at other ports in the region, and more scrubber-fitted vessels have been joining the fleet. Sales of VLSFO fell by 14pc on the year to 235,500t, accounting for 61pc of all sales. MGO sales fell by 2pc to 33,700t. MGO prices were higher in Panama than at other ports in the region.

The overall rise in demand in Panama has been supported by increasing transit through the canal, as water levels in the Gatun lakes that feed the canal have been rising with the rainy season. This has allowed the APC to increase vessel transits and maximum vessel draft. In June, 516 vessels transited the canal, the most since November 2023.

### Conventional demand to rise until 2025

We see conventional demand in the Americas rising by 8pc to 41.5mn t this year, and then to 41.9mn t in 2025. Unlike in Europe and Asia-Pacific, there has been no uptick from the Red Sea diversions. In 2026, we see demand in the Americas aligning with global trends and dipping to 41.6mn t.

## Supply

### Mexico fuel oil exports poised to recover

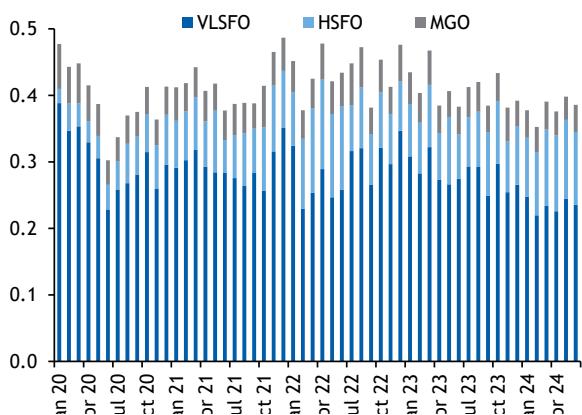
Mexico's fuel oil exports, mostly HSFO, dropped for a third consecutive month to 770,000t in June. This is down from a record high of 1.3mn t in March, a level closer to 2023's monthly average, reflecting operational problems. A six-year drive to boost refinery output and reduce dependence on US fuel imports is bearing fruit. But in April-May, Pemex's refining system experienced various setbacks, including a fire at Minatitlan and power outage at Tula refinery. These weighed on crude throughputs and output of HSFO. Pemex refinery output dropped to 900,000 b/d in May, down from 1.1mn b/d in the first quarter.

But a rebound in Mexican HSFO exports in the first half of July — when they totalled 550,000t, according to Kpler — might signal that refinery operations are returning to normal. Pemex has scheduled the launch of the 340,000 b/d Olmeca refinery for August, following the testing of CDU and diesel units in May. If the refinery manages to start up as planned, it will boost HSFO supply for the US Gulf coast and Asian market. The plant has missed at least its previous 10 deadlines.

Americas bunker fuel demand					mn t
	2022	2023	2024	2025	2026
VLSFO	19.4	18.1	19.6	19.5	19.0
HSFO	5.3	5.4	6.5	6.9	7.2
MGO	14.5	14.7	15.4	15.5	15.4
<b>Total</b>	<b>39.1</b>	<b>38.2</b>	<b>41.5</b>	<b>41.9</b>	<b>41.6</b>

### Panama bunker sales

mn t



# Middle East

Middle East bunker forecast											\$/t
	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	4Q24	1Q25	2Q25	3Q25
<b>Crude price forecast</b>											
Dubai	605	597	622	632	648	635	625	627	604	578	605
<b>Conventional</b>											
<b>Fob Fujairah</b>											
3.5%S HSFO 380cst	495	485	501	508	484	461	459	457	437	430	460
0.5%S VLSFO	601	588	622	650	654	640	636	636	592	563	591
<b>Dob Fujairah</b>											
3.5%S HSFO 380cst	510	495	507	515	493	472	471	469	446	437	469
0.1%S MGO	853	822	836	862	890	885	875	878	814	777	821
0.5%S VLSFO	607	592	627	657	661	646	643	642	598	569	597
<b>Middle East bunker marker</b>											
Grey ammonia Middle East fob \$/t VLSFOe	701	775	782	760	737	805	827	827	781	-	-
Grey ammonia Middle East fob \$/t MGOe	722	799	806	783	759	829	852	852	804	-	-

## Prices

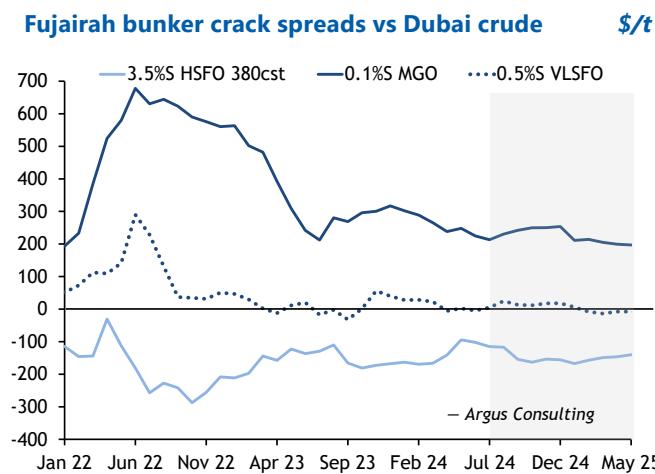
### Conventional fuels

#### Fujairah scrubber spread widens

The premium of VLSFO to HSFO widened in the first half of July to \$120.06/t from \$97.89/t in June, driven by stronger VLSFO prices. The premium of delivered VLSFO prices in Fujairah to values in Singapore — used as a price basis by Fujairah traders — has risen to \$9.47/t in July from \$7.91/t in June. The has been underpinned by underlying crude prices. Supply of both grades has been adequate — Kuwait's KPC sold a 130,000t VLSFO spot cargo for July loading from the al-Zour refinery — the first such sale since May — in a surprising move amid peak summer domestic demand. KPC has probably completed summer stockpiling while operating at higher capacity, leaving more scope for exports.

Meanwhile, bunker demand has been rangebound, with market participants noting that VLSFO demand has been at a low ebb in Fujairah this week. Sales fell in June, according to market participants, as supply tightened because of firm summer demand from the utility sector. But availability is growing. And fuel oil demand in the Middle East has not been as strong this summer as last year because more LNG is being used to generate electricity, market sources say.

HSFO and VLSFO exports from the Middle East are expected to gradually increase, with some countries in the region tapering their stockbuild towards the middle of summer and start exporting more on the spot market. Middle East fuel oil producers exported 1.15mn t of HSFO and 334,000t of VLSFO outside the region on 1-16 July, compared with 1.16mn t of HSFO and 61,000t of LSFO on 1-16 June, according to preliminary Vortexa data. The UAE was the largest exporter, at 881,000t, followed by Iraq, with 490,000t. Oman emerged



as the third-largest exporter, with a single cargo of around 150,000t from Duqm to Mauritius. Saudi Arabia has cut exports to 35,000t in July because of summer power generation demand. It exported 215,000t of HSFO in June.

## Demand

### Fujairah

June saw the fourth consecutive month-on-month drop in overall bunker sales at Fujairah — to 594,100t — although sales were still slightly up on the year. Sales at the port have been eroded by reduced supply and lower prices at the neighbouring port of Khor Fakkan.

As elsewhere, HSFO sales rose on the year, while VLSFO sales fell, but VLSFO still accounted for the majority of sales. Sales of VLSFO totalled 418,600t, down by 5pc. HSFO sales grew by 18pc to 148,500t. MGO sales rose by 13pc to 27,000t.

### Biofuel sale trials start at Sohar, Oman

A pilot trial of biofuel blends in tug operations will soon begin at the port of Sohar, Oman, after it received its first shipment. The trial will use a B20 blend. The port will conduct the trials in collaboration with tug operator Svitzer, biofuel producer Wakud and Omani bunker provider Hormuz Marine.

## Supply

### Saudi Arabia ups HSFO intake

Saudi Arabia's imports of HSFO were at their highest in two years last month, at over 1.6mn t, up by 220,000t on May, Vortexa data show, as the country sought more supplies for peak summer power-generation demand. The country is the region's largest buyer of fuel oil for power generation, accounting for nearly 67pc of Middle East fuel oil imports — the UAE takes the remainder. Saudi Arabia has been stepping up efforts to shift away from burning liquid fuels for power generation, but will only fully achieve this by the end of the decade. Strong demand prompted the country to resume importing Russian HSFO in April after a five-month pause, and around 500,000 t/month of Russian HSFO headed for Saudi Arabia in May-June.

But VLSFO supplies in the region look steady, as KPC offered a 130,000t spot cargo of VLSFO for July loading. This could signal that some countries are slowing their stockbuild as we move towards the middle of summer — something that might boost export availability.



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