

# Argus Marine Fuels Outlook

Global conventional and alternative marine fuels



## Overview

Delivered VLSFO crack spreads have come under pressure in February from ample supply and will probably weaken further in the coming weeks. In Singapore, low-sulphur crude blendstocks and residual fuel arrivals are forecast to rise in March. The scrubber spread at the UAE port of Fujairah has fallen to its narrowest in nearly five years at the end of February, mostly as a result of plentiful VLSFO supply. Another factor that could put pressure on VLSFO prices is the resumption of exports of South Sudan's Dar Blend crude, which is a key feedstock for VLSFO production.

By contrast, delivered HSFO cracks remain strong because of limited availability. In Europe, prices have mainly been drawing support from reduced supply caused by a series of unplanned outages at primary distillation units at several refineries. In Singapore, delivered HSFO cracks have strengthened significantly as Russian supplies are constrained by the latest wave of US sanctions, pushing up outright prices. But HSFO cracks could soften in March as more volumes are expected to arrive in the region.

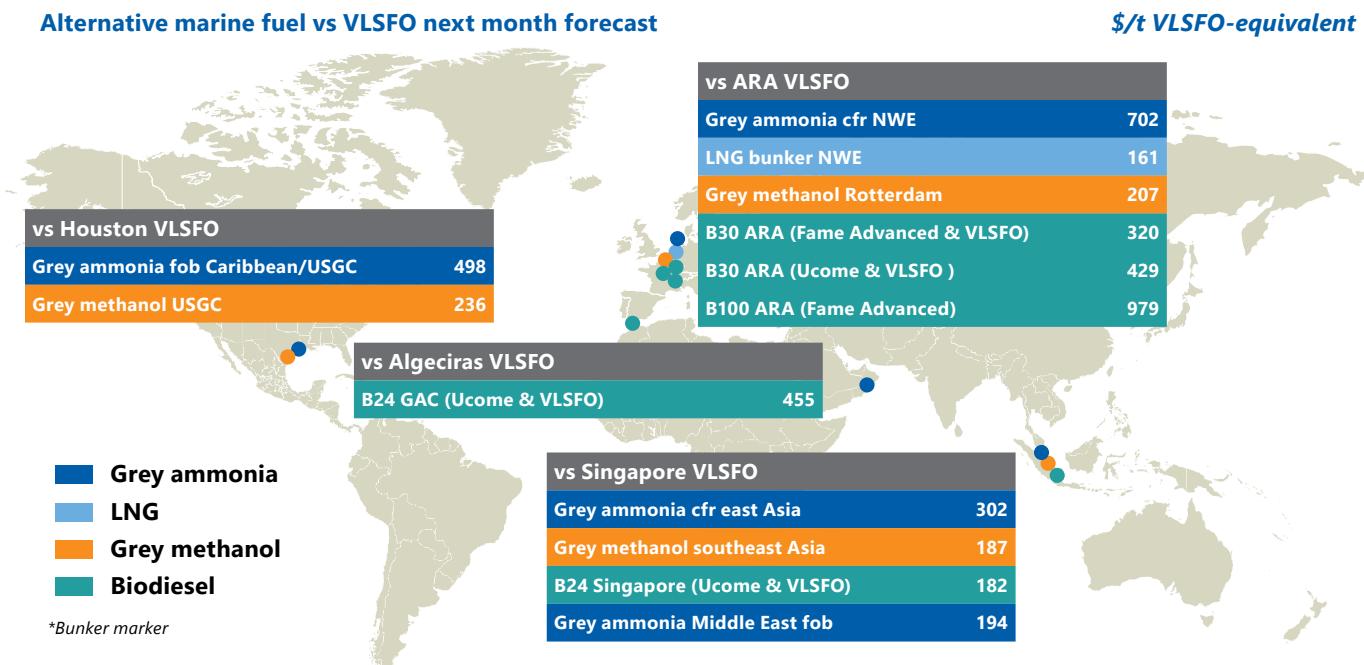
In the biobunker market, used cooking oil methyl ester (Ucome)-based bunker bioblend values in northwest Europe have continued to climb, supported by strong underlying waste-based biodiesel prices. Despite the upside potential from the waste-based biodiesel market, low-sulphur conventional values are likely to track lower, which could cap B30 Ucome bunker prices.

Key bunker prices, dob					
	Dec 24	Jan 25	Feb 25mtd	Mar 25f	Apr 25f
<b>3.5%S fuel oil (HSFO) 380cst</b>					
Rotterdam	448	458	458	427	411
Singapore	456	493	500	473	447
Houston	440	468	450	415	398
Fujairah	434	469	479	456	433
<b>0.1%S (MGO)</b>					
Rotterdam	635	676	664	651	637
Singapore	664	708	683	657	647
Houston	738	812	746	721	680
Fujairah	732	759	755	729	720
<b>0.5%S (VLSFO)</b>					
Rotterdam	499	535	533	514	500
Singapore	540	578	566	556	543
Houston	537	565	548	535	530
Fujairah	535	569	562	538	524
<b>Marine biofuel</b>					
B30 ARA (Fame Advanced & VLSFO)	695	745	749	744	725
B30 ARA (Ucome & VLSFO)	804	827	841	830	820
B100 ARA (Fame Advanced)	1064	1143	1163	1189	1157
B24 Singapore (Ucome & VLSFO)	671	710	706	695	681
B24 Algeciras-Gibraltar (Ucome & VLSFO)	772	792	785	791	780
<b>Grey methanol</b>					
Methanol Rotterdam	983	907	763	721	713
Methanol southeast Asia	761	783	805	743	738
Methanol US Gulf coast	897	879	862	771	754
<b>LNG</b>					
LNG NWE bunker	651	691	733	676	661
<b>Bunker marker</b>					
<b>Grey ammonia</b>					
Ammonia cfr NWE	1378	1272	1216	1216	1116
Ammonia cfr east Asia	971	967	903	858	847
Ammonia fob Caribbean	1221	1056	1033	1033	964
Ammonia fob Middle East	933	833	766	732	721

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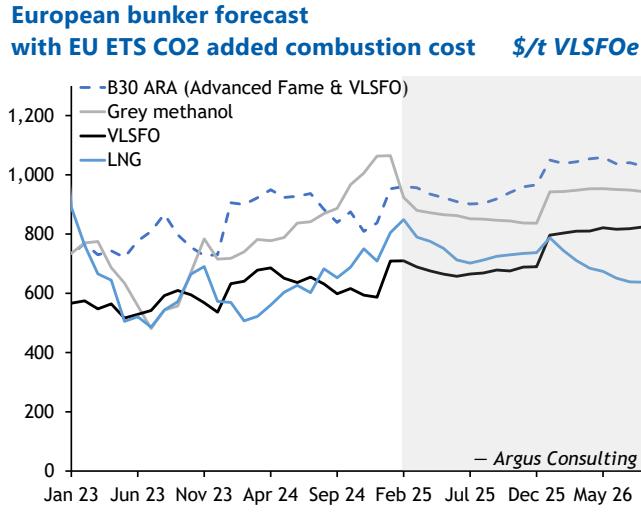
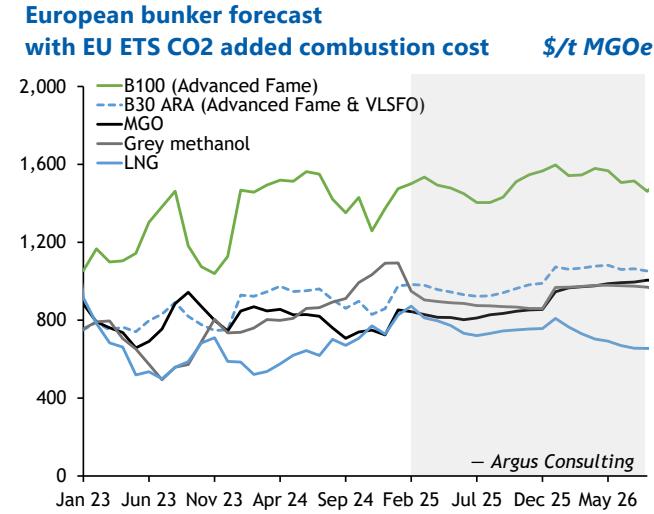
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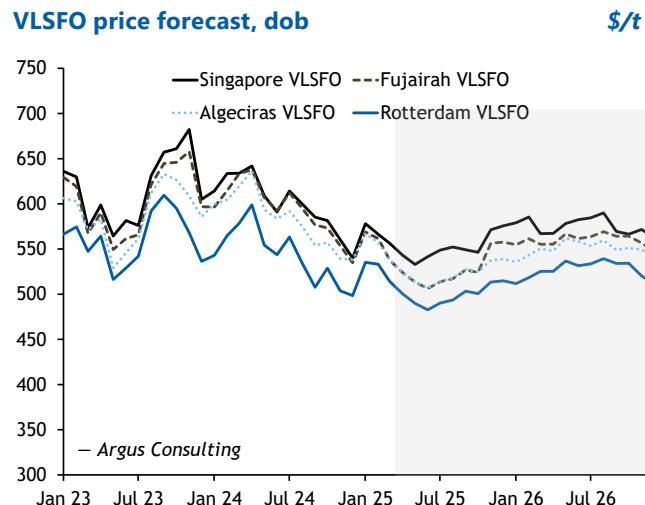
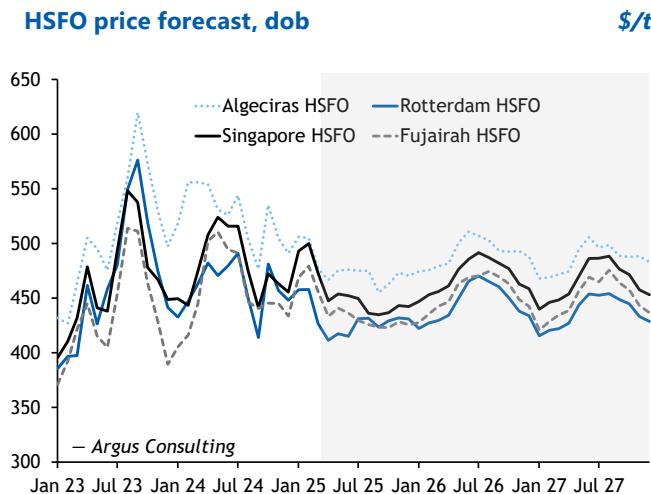
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# EUROPE

European bunker forecast											\$/t
	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	3Q25	4Q25	1Q26	2Q26
<b>Crude price forecast</b>											
North Sea Dated	556	597	570	550	542	542	542	557	580	592	608
<b>Conventional</b>											
<b>Fob NWE</b>											
3.5%S HSFO 380cst	437	449	453	421	406	412	409	414	425	420	442
0.1%S MGO	645	687	682	656	641	637	622	641	654	659	677
0.5%S VLSFO	493	532	528	508	495	484	477	490	504	513	526
<b>Dob</b>											
3.5%S HSFO 380cst Rotterdam	448	458	458	427	411	417	415	429	431	426	450
0.1%S MGO ARA	635	676	664	651	637	636	624	647	673	672	696
0.1% fuel oil Rotterdam	619	656	648	634	620	619	608	630	656	655	679
0.5%S VLSFO ARA	499	535	533	514	500	490	483	496	510	518	531
3.5%S HSFO 380cst Algeciras	491	506	505	477	467	475	476	468	469	476	498
0.1% MGO Algeciras	717	756	746	729	709	693	682	698	726	739	746
0.5%S VLSFO Algeciras	538	567	557	538	524	514	507	520	534	543	556
<b>Alternative</b>											
<b>Dob</b>											
B30 ARA (Fame Advanced & VLSFO )	695	745	749	744	725	714	702	703	742	753	760
B30 ARA (Ucome & VLSFO )	804	827	841	830	820	815	807	809	838	855	867
B100 ARA (Fame Advanced)	1064	1143	1163	1189	1157	1146	1124	1095	1195	1210	1202
B24 Algeciras-Gibraltar (Ucome & VLSFO)	772	792	785	791	780	774	765	770	796	811	824
<b>\$/t VLSFOe</b>											
B30 ARA (Fame Advanced & VLSFO )	776	831	837	834	812	800	787	786	833	845	851
B30 ARA (Ucome & VLSFO )	921	944	946	943	932	928	918	919	953	972	986
B100 ARA (Fame Advanced)	1336	1436	1461	1494	1454	1439	1411	1376	1500	1520	1509
B24 Algeciras-Gibraltar (Ucome & VLSFO)	812	832	825	993	980	972	961	967	999	1019	1034
Grey methanol Rotterdam	983	907	763	721	713	706	703	690	680	686	694
LNG bunker NWE	651	691	733	676	661	638	598	599	619	561	484
<b>\$/t MGOe</b>											
B30 ARA (Fame Advanced & VLSFO )	797	854	860	857	835	822	809	807	856	868	874
B30 ARA (Ucome & VLSFO )	947	970	971	968	958	953	944	944	979	999	1013
B100 ARA (Fame Advanced)	1373	1475	1501	1534	1493	1478	1450	1413	1541	1562	1551
B24 Algeciras-Gibraltar (Ucome & VLSFO)	834	855	848	1020	1006	999	988	993	1027	1047	1063
Grey methanol Rotterdam	1010	931	784	741	732	726	723	709	699	705	713
LNG NWE bunker	669	710	753	694	679	655	615	615	636	577	497
<b>European bunker marker</b>											
Grey ammonia cfr NWE \$/t VLSFOe	1378	1272	1216	1216	1116	993	937	989	1187	1097	1023
Grey ammonia cfr NWE \$/t MGOe	1416	1307	1250	1250	1147	1020	963	1017	1219	1127	1051

European bunker forecast with EU ETS CO2 added combustion cost									
	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	2Q25	3Q25	4Q25	1Q26
<b>Conventional including CO<sup>2</sup> cost</b>									
0.1%S MGO ARA	725	853	844	829	815	810	825	851	961
0.5% fuel oil Rotterdam	587	709	710	689	675	666	671	685	803
<b>Alternative including CO<sup>2</sup> cost</b>									
B30 ARA (Fame Advanced & VLSFO )	757	867	872	866	847	836	825	865	953
B30 ARA (Ucome & VLSFO )	865	949	965	953	943	937	931	960	1054
B24 Algeciras-Gibraltar (Ucome & VLSFO)	840	924	919	924	913	906	903	929	1027
<b>\$/t VLSFOe</b>									
B30 ARA (Fame Advanced & VLSFO )	838	953	960	956	935	922	908	955	1044
B30 ARA (Ucome & VLSFO )	983	1065	1069	1065	1055	1049	1041	1075	1172
B24 Algeciras-Gibraltar (Ucome & VLSFO)	879	965	960	1126	1113	1104	1100	1132	1235
Grey methanol Rotterdam	1063	1065	924	880	872	867	849	839	945
LNG bunker NWE	709	805	849	790	775	747	713	734	748
<b>\$/t MGOe</b>									
B30 ARA (Fame Advanced & VLSFO )	859	976	983	979	957	944	930	978	1067
B30 ARA (Ucome & VLSFO )	930	1005	1014	1091	1080	1074	1066	1101	1198
B24 Algeciras-Gibraltar (Ucome & VLSFO)	902	987	982	1153	1139	1131	1126	1160	1263
Grey methanol Rotterdam	1093	1094	949	904	896	890	873	862	970
LNG NWE bunker	728	827	872	812	796	767	732	754	768





## Prices

### Conventional fuels

#### VLSFO cracks could weaken on rising global supply

In northwest Europe, delivered VLSFO crack spreads rallied in the first half of February, as demand drew exports east of Suez and to the US. The crack strengthened to a \$22/t discount to North Sea Dated in early February from a \$62/t discount in January. Independent ARA fuel oil stocks fell by 5.4pc on the week to 1.315mn t on 19 February, according to Insights Global. But VLSFO cracks started to lose momentum in mid-February as appetite for European VLSFO waned and shipping east became unworkable. Delivered VLSFO cracks had slid to a discount of around \$55/t by mid-February.

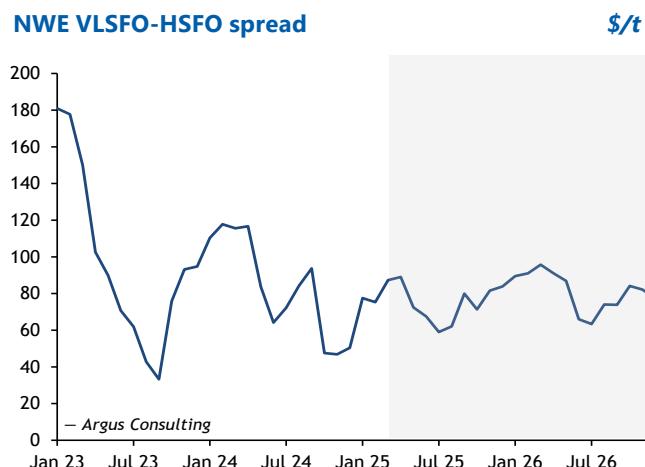
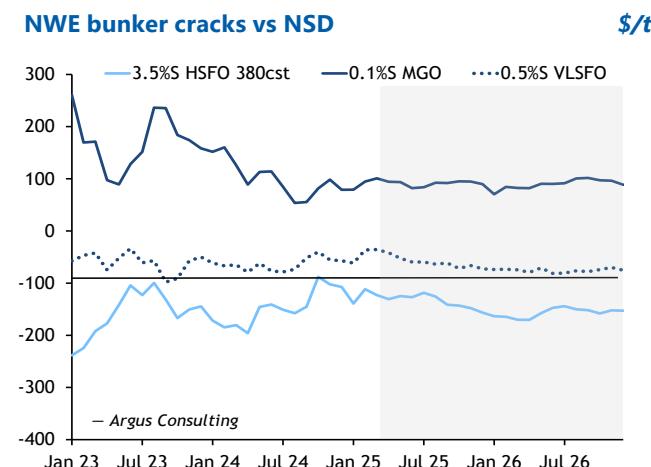
Cracks will probably hover at this level or weaken in the months ahead, despite falling fuel oil output as a result of maintenance and unplanned outages in Europe. European producers will probably not boost VLSFO output because of growing stocks east of Suez. Another possible factor that could pressure VLSFO prices is the restart of Dar Blend sweet

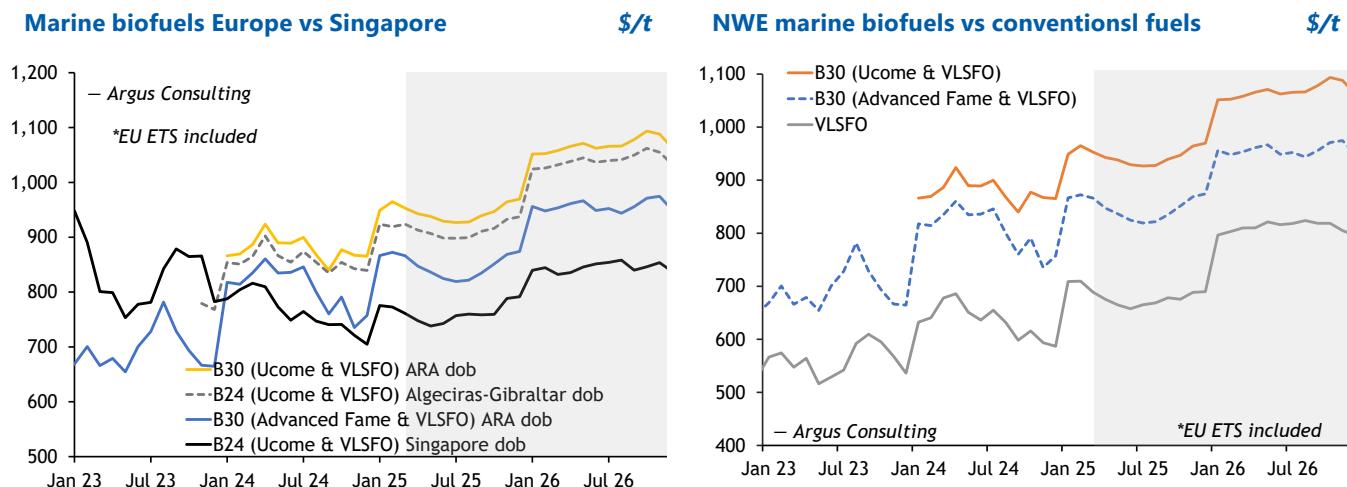
crude production in South Sudan — the crude is used as blending component for VLSFO.

#### HSFO still strong on tight availability

The delivered HSFO crack spread gained in February to a \$112/t discount to North Sea Dated, from a \$139/t discount in January. This reflects weaker crude values, as delivered HSFO prices were steady at \$458/t. Prices were supported by unplanned outages for at least four plants in Europe. TotalEnergies shut the CDU at its 43,000 t/yr Feyzin in France. Bayernoil's 215,000 b/d Vohburg-Neustadt and Miro's 310,000 b/d Karlsruhe refinery in Germany saw unplanned CDU work. And Motor Oil Hellas' Corinth 180,000 b/d plant in Greece still has a CDU off line following September's fire and continues to buy in heavy products. But Tupras restarted a CDU at the 238,000 b/d Izmir refinery in February after a fire in November.

Delivered HSFO cracks could ease by the end of this quarter as refineries finish works. But higher-sulphur supply globally is still tight and bunkering demand robust. HSFO cracks are likely to strengthen again towards summer with demand from the Middle East for cooling.





## Alternative fuels

### Biofuels

#### Ucome bioblend prices continue to rise

Used cooking oil methyl ester (Ucome)-based bunker bio-blend values in northwest Europe continued to rise, supported by strong underlying waste-based biodiesel prices. B30 Ucome ARA prices have risen to \$841/t from \$827/t in January and \$804/t in December.

In the biodiesel market, Ucome fob ARA has edged up in February, but so have Uco prices. The spread between feedstock and finished product in January averaged \$222/t, and has closed in February to \$209/t. With production costs typically at \$250-300/t, margins could be small or even negative for some. The spread is forecast to widen in the coming months as such a dynamic is deemed unsustainable, with Ucome prices expected to rise and Uco prices to fall.

Despite upside potential from waste-based biodiesel market, low-sulphur conventional values are likely to track down,

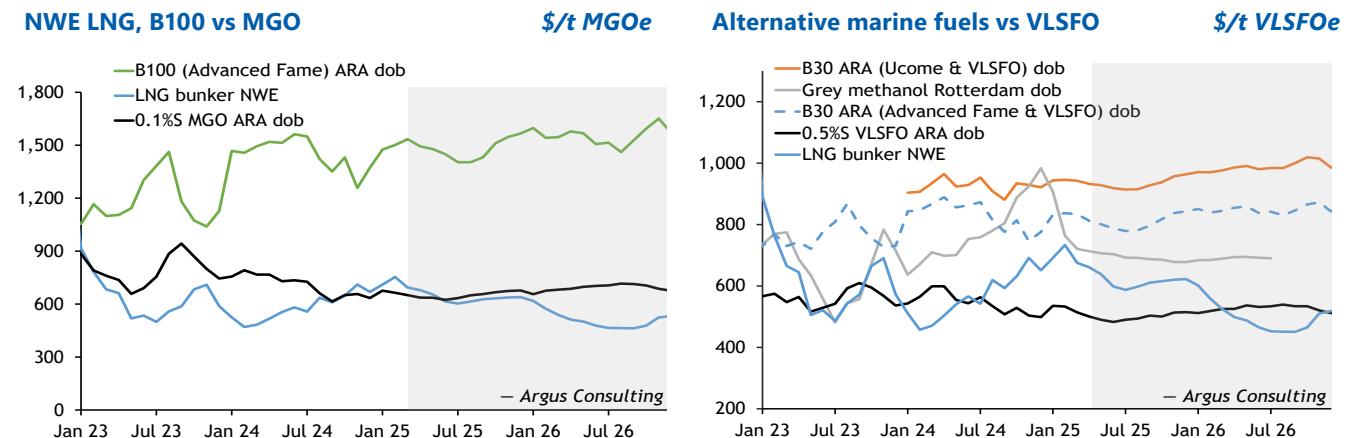
which could cap B30 Ucome bunker prices. B30 Ucome dob ARA's ETS-inclusive premium to VLSFO dob ARA has grown in February to \$255/t from \$240/t in January. The premium is likely to stay in a \$260-270/t range in the months ahead.

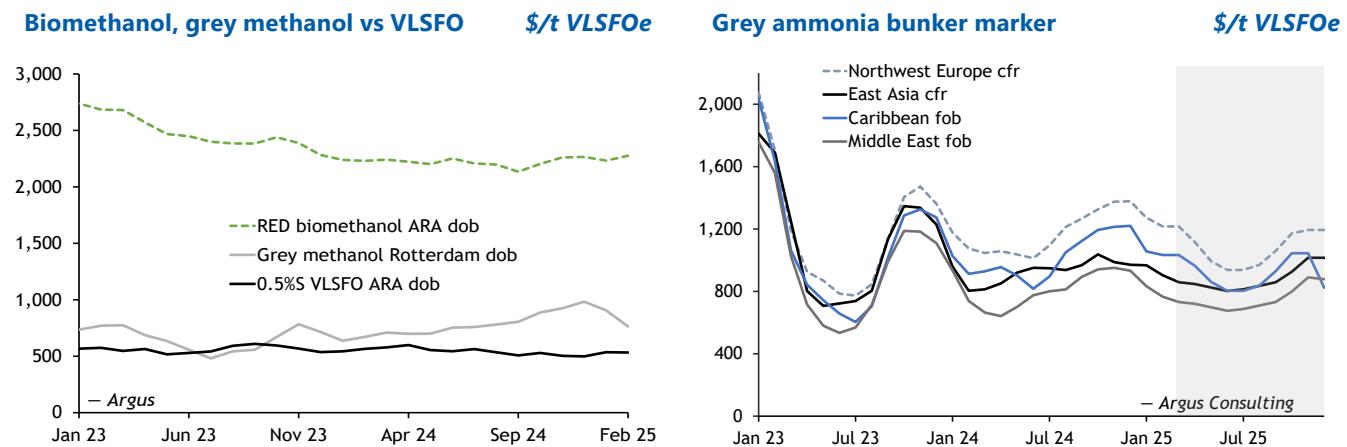
In the Mediterranean, B24 dob Algeciras-Gibraltar values have bucked the trend, declining to \$785/t from \$792/t in January. But prices could fall at a faster pace in summer, pressured by weaker fundamentals.

#### Advanced marine biofuel prices increase

Advanced marine biofuel bunker prices have stayed elevated in February, with B100 Advanced FAME 0 prices — which include a deduction of the value of Dutch HBE-G renewable fuel tickets — are averaging \$1,163/t, up by \$20/t from January. This has been driven by a steady rise in underlying Advanced FAME 0 values, which are up by 1.6pc on the month.

The premium of Advanced FAME 0 to Ucome has risen to an average of \$65/t in February from \$52/t in January and \$26/t in December, driven by strengthening ticket prices. Dutch HBE-G ticket prices for 2025 compliance rose by 3pc on the





month to \$11.70/GJ in January. In February, HBE-G ticket prices have edged up to around \$11.80/GJ.

B30 FAME 0 dob ARA prices are in line with January, at \$749/t, pressured by lower VLSFO prices and stable HBE-G ticket values. Prices are likely to stay at this level until the end of the first quarter, but are expected to drop in April-June with a weaker low-sulphur market and rising ticket values.

B100 Advanced FAME 0's premium to MGO has risen in February to \$319/t from \$291/t in January, once ETS costs are taken into account. The spread might contract in summer with weaker biofuel prices. MGO could also be in greater demand with the Mediterranean Emissions Control Area (ECA) taking force from May. Vessels not fitted with scrubbers could be interested in MGO for voyages in the Mediterranean. But ULSFO might also appeal, especially for container vessels plying regular and fixed routes.

## LNG

### Cold weather, low renewable output spur LNG prices

We have upped our European LNG price forecast, as exceptionally cold weather and low renewable output drove natural gas demand for power generation. The TTF rose to \$17/mn Btu in the second week of February — its highest in two years — before retreating to \$14/mn Btu later in the month.

Tight supply in Europe is being compounded by an EU requirement that gas storage facilities are 90pc full by 1 November for the winter heating period. Some derogations have been allowed, which means this target is effectively reduced to 81pc, but prompt demand for power generation and storage injections is still leaving the market tight and prices well supported.

Higher prices are eroding demand from industry. In the refining sector, propane costs much less than natural gas, incentivising refiners to switch. And ammonia — produced using natural gas as a source of hydrogen — now costs less to import than to produce in Europe, further undermining natural gas demand.

The higher price environment has left some asking whether Europe might follow the US' lead in trying to normalise relations with Russia, with a view to restoring Russian gas imports. But the vast majority of the continent seems determined to do what it can to prioritise Ukraine's security over any economic benefit that might be derived from relaxing measures against Russia. For now, our base case forecast continues to assume Europe will not seek the return of Russian energy imports. If a peace deal between Russia and Ukraine is achieved, and Russian energy imports did resume, natural gas prices could fall — not least because of competing US LNG exports to Europe — but this remains a speculative scenario for now.

All this means bunker LNG prices have become less competitive against conventional marine fuels, even as the share of carbon emissions to be covered by the EU ETS rises to 70pc from 40pc last year. Including the cost of complying with the EU ETS, delivered bunker LNG prices are \$85/t VLSFOe higher than VLSFO prices in February at the time of publication. In 2024, LNG priced \$10/t VLSFOe lower than VLSFO.

Despite the higher TTF price forecast, bunker LNG is still expected to return to a discount to VLSFO next year. Natural gas prices in Europe should fall as new liquefaction capacity comes on line this year, and with 100pc of shipping emissions required to be covered by the EU ETS from next year, bunker LNG is likely to prove increasingly popular compared with conventional marine fuels.

## Hapag-Lloyd confirms order of 24 LNG, dual-fuel ships

German shipowner Hapag-Lloyd has concluded financing for 24 dual-fuel container ships capable of running on LNG, liquid biomethane (bio-LNG) or ammonia. The vessels — with a combined capacity of 312,000TEU (20ft-equivalent unit) — will be built in China and delivered in 2027-29. The firm ordered a dozen 16,800TEU vessels from China's Yangzijiang Shipbuilding and a dozen 9,200TEU vessels from China's New Times Shipbuilding in November.

The firm says financing for the ships amounts to around \$4bn and complies with Loan Market Association (LMA) green loan principles. The ships should reduce the absolute greenhouse gas (GHG) emissions of the company fleet.

LNG, while still a fossil fuel, can cut emissions by up to 23pc compared with burning VLSFO in ships, according to SEA-LNG analysis. Even more effective are renewable fuels like waste-based bio-LNG, which can reduce GHG emissions by at least 68pc from petrol and diesel's 94g CO<sub>2</sub> equivalent/MJ.

The \$4bn of financing is comprised of four components. Unspecified parties provided \$1.8bn in three leasing structures. Around \$1.1bn was secured in a loan from the China Export and Credit Insurance Corporation. About \$900mn will come from Hapag-Lloyd's own funds, and \$500mn from two unspecified banks in the form of bilateral mortgage loans.

## Regulation

### Global

#### IMO mulls higher biofuel blend for Type I ships

The IMO is reviewing a proposal for delivering biofuel blends of up to 30pc on Type I barges, and is expected to approve this soon. This is likely to boost B30 bunkering volumes as it would allow sales of B30 using the current fleet of Type I oil barges at any port. B30 is a blend of 70pc VLSFO or HSFO with 30pc used cooking oil methyl ester (Ucome).

A draft circular on the carriage of biofuel blends and Marpol Annex I cargoes by conventional bunkering vessels was accepted by IMO's sub-committee on pollution prevention and response (PPR) during its 12th session on 27-31 January. The draft is expected to be approved at the Marine Environment Protection Committee (MEPC 83) meeting on 7-11 April.

The International Convention for the Prevention of Pollution from Ships (Marpol) is an agreement that aims to prevent pollution from ships. Annex I covers pollution by oil and oil

products carried or used by ships. Type I ships that deliver conventional bunker fuels can currently carry biofuel blends of up to 25pc under Marpol Annex I, and this has resulted in adoption of the B24 blend at key ports in Asia, the Middle East and the Mediterranean in recent years. B24 consists of 24pc Ucome blended with 76pc fuel oil — either VLSFO or HSFO. IMO has previously stated that Type II chemical tankers should be used for transporting biofuel blends with concentrations higher than 25pc. Shipowners have therefore been waiting for more Type II tankers to be delivered, which are in limited supply at many ports. But port authorities in each jurisdiction will have to make their own decisions on whether and how this will be implemented.

## Europe

#### EU maritime emissions still rising — EMSA

Greenhouse gas (GHG) emissions from the EU's maritime sector have continued to rise since 2015, the European Maritime Safety Agency (EMSA) has found in its 2025 environmental report, although "promising progress" has been made in some areas. Maritime activity was responsible for 26pc of methane emissions and 39pc of NOx emissions in the EU transport sector in 2022, as well as 14.2pc of CO<sub>2</sub> emissions, the report notes. Maritime methane emissions "at least doubled" between 2018 and 2023, the report finds, driven by growth in the LNG fleet. NOx emissions rose by 10pc in 2015-23, while CO<sub>2</sub> emissions totalled 137mn t in 2022, up by 8.5pc from 2021.

But sulphur oxide (SOx) emissions fell by 70pc in 2023 compared with 2014 levels, EMSA said. This was driven by implementation of Sulphur Emission Control Areas (SECAs) in the Baltic and North Sea, while the lowering of the cap on sulphur content in marine fuel in 2020 contributed to the fall. EMSA expects SOx emissions to drop further once an SECA is established in the Mediterranean in May 2025. And countries bordering the northeast Atlantic may set up an ECA by 2027.

Biofuels are an "immediate, attractive and cost-effective solution" to cutting GHG emissions, EMSA said. And synthetic and other drop-in fuels, which can be blended with fossil fuels, could help shipping transition to lower emissions. But their costs — still "significantly higher" than for marine fossil fuels — could be an obstacle, the report states. Further electrification of ships could assist in decarbonising short-range transport, the report says. And green shipping corridors — zero-emission maritime routes — could encourage investment in sustainable fuels and supply chains, EMSA adds. The EU Emissions Trading System-financed Innovation Fund has already supported over 300 shipping projects, the report notes, with funding to be deployed out to 2030.

## Demand

### Conventional demand growth to continue in 2025

We estimate that global demand for conventional bunker fuel totalled 266.7mn t last year, up by just 1.5mn t on 2023. This was lower than our expectations, reflecting the slower than expected global economic recovery and an overestimation of additional demand from Red Sea diversions. In 2025, we see global conventional demand rising by 5.1mn t to 271.8mn t, supported by the improving economic environment and continuing Red Sea diversions.

Our working assumption remains that diversions away from the Red Sea will continue in 2025, despite the Houthi announcement that they will stop attacking vessels in the Bab el Mandeb strait, following January's ceasefire in Gaza. But there remains a real risk that the conflict could reignite, and we are yet to see signs of vessels returning to the shorter route. Daily transits through the Suez Canal on 1-23 February were just 33 — lower than any month since the Houthis started attacking vessels — according to PortWatch data.

In 2026, the return of vessels to the Red Sea and growing demand for alternative marine fuel cuts demand by 4.1mn t to 267.7mn t. Rising demand for alternative fuels will continue to pressure demand for conventional fuels in 2027, with demand falling by 3mn t to 264.7mn t.

Although total demand for conventional fuel begins to fall in 2026, demand for HSFO will continue to grow, reaching 63.2mn t in 2027, up from last year's estimated 54.5mn t. This has been eroding demand for LFSO, and we expect it to continue to do so — we estimate that LFSO demand fell by 1.8mn t to 138.5mn t last year. By 2027, we expect VLFSO demand to have fallen to 127.3mn t. This transfer of demand

from LFSO to HSFO reflects the growing fleet of scrubber-fitted vessels, which can burn cheaper HSFO while still meeting IMO regulations on sulphur limits. But the scrubber-fitted fleet's rate of expansion is slowing — it grew by 12pc last year, but is only expected to grow by 4pc in 2025, according to DNV data.

### Slow conventional demand growth

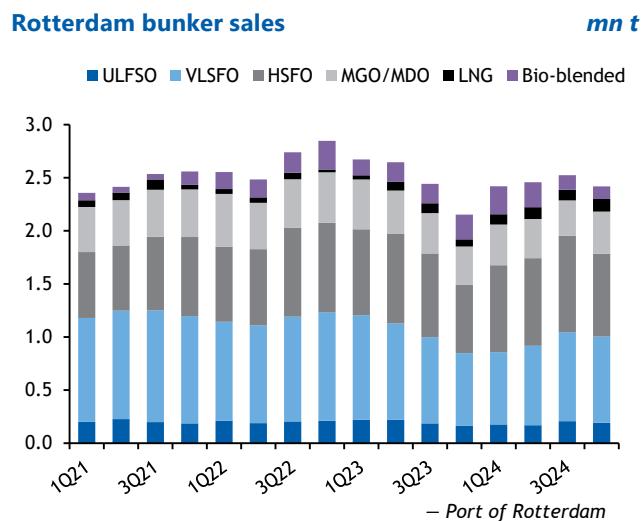
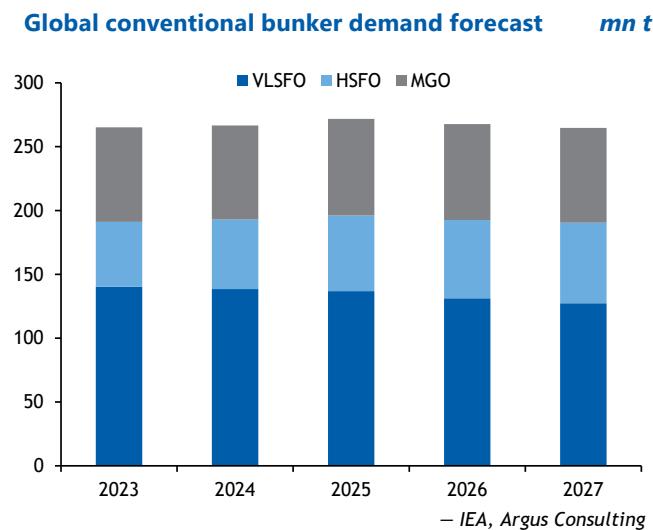
Demand in Europe is estimated to have risen by just 0.2pc to 55.5mn t last year. We expect demand to climb to 55.6mn t this year and 55.8mn t in 2026. Europe is leading the way with regulation and policy to spur uptake of alternative fuels. This includes FuelEU maritime regulations, which came into force last month and limit the average annual GHG intensity of ships operating in the EU and European Economic Area.

In line with the global picture, we expect HSFO demand to continue to grow even as total consumption starts to fall, weighing on LFSO demand. In 2024 we estimate that HSFO demand totalled 8.3mn t, up by 0.9mn t, and that demand will reach 11.1mn t in 2027. VLSFO demand is expected to fall to 26.5mn t in 2027 from last year's estimated 29.5mn t.

### Total bunker sales fall in Rotterdam in 2024

Total bunker sales, including LNG, in Rotterdam rose by 12pc on the year to 2.41mn t in the fourth quarter of 2024, according to the Port of Rotterdam. Rising sales in the third and fourth quarters could not outweigh falling demand in the first and second quarters, with full-year sales down by 1pc on 2023, at 9.82mn t.

Sales of bio-blended fuels were also down by 1pc in 2024, at 735,000t, undermined by a weak showing in the third and fourth quarters. Fourth-quarter sales totalled just 118,000t, the lowest for any quarter since July-September 2021. This

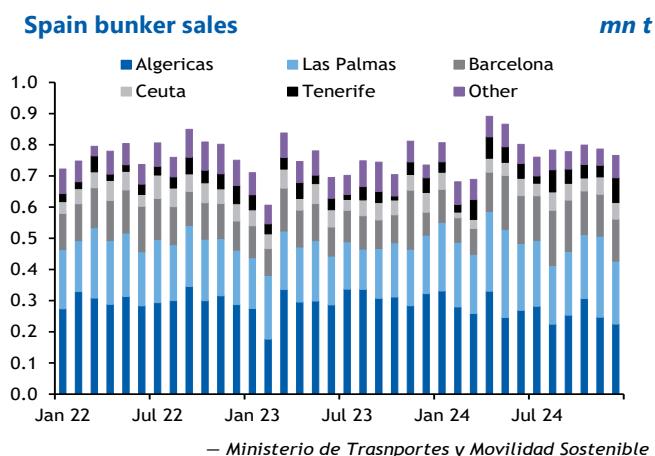


Europe bunker fuel demand					mn t
	2023	2024	2025	2026	2027
VLSFO	32.7	29.8	29.5	28.4	27.6
HSFO	6.3	7.5	8.3	9.1	10.2
MGO	19.0	18.1	17.6	18.1	18.0
<b>Total</b>	<b>58.0</b>	<b>55.4</b>	<b>55.5</b>	<b>55.6</b>	<b>55.8</b>

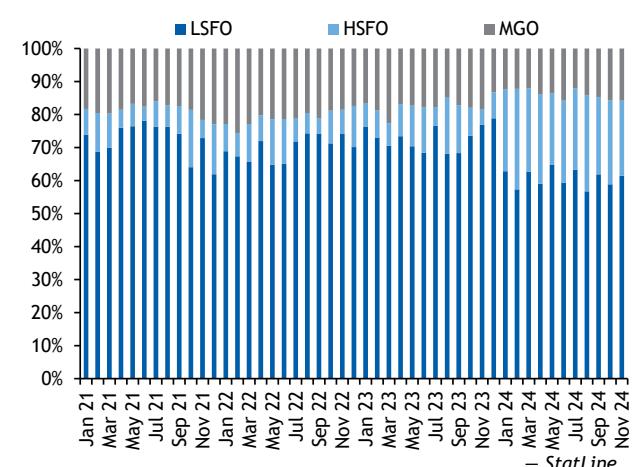
reflects competitive pricing in Singapore, which is drawing demand east of Suez. FuelEU Maritime regulations will support demand for bio-blended fuels in 2025. But the pooling mechanism means pricing dynamics between ARA and Singapore will continue to sway demand at each of the hubs, and could weigh on demand in Rotterdam.

Unlike bio-blends, bunker demand for LNG rose strongly last year, particularly in the final quarter. Full-year sales of LNG totalled 428,000t, up by 52pc. Sales in the final quarter hit 263,000t — the highest for any quarter on record.

VLSFO sales were 865,000t in the final quarter of the year, level on the year. But this still meant that VLSFO sales fell on the year in 2024, by 12pc to 3.52mn t. This is in line with global trends of rising demand for HSFO eroding demand for LFSO, as the global fleet of scrubber fitted vessels grows. HSFO sales for the last quarter of 2024 were up 25pc on the year to 817,000t. This took HSFO sales to 3.29mn t for 2024, up 11pc on the year. MGO sales were 285,000t in the fourth quarter, up 26pc on the year and the highest quarterly sales in two years.



### Netherlands bunker demand by type



Demand for conventional bunker fuels still accounted for the vast majority of sales in 2024, but the share slipped to 88pc from 90pc in 2023, driven by demand for LNG. With the introduction of FuelEU Maritime we expect conventional fuels' share of sales to continue to fall this year.

### Canary Islands drive demand in Spain

Demand in Spain was up by 4pc on the year in December to 766,000t, according to transport ministry data. Demand at Algeciras, Spain's biggest bunkering hub, fell by 30pc to 225,000t. But demand at Las Palmas rose by 7pc to 202,000t. Tenerife sales rose by 68pc to 79,600t.

Demand in Las Palmas and Tenerife was strong throughout 2024. Las Palmas sales rose by 28pc and Tenerife sales were up by 38pc. Both ports are in the Canary Islands, so sales there have been supported by diversions from the Red Sea. Overall bunker demand in Spain rose by 7pc to 9.41mn t last year. At Algeciras, demand reached 2.64mn t last year, while Las Palmas demand hit 2.64mn t and Barcelona's demand stood at 1.61mn t.

### Netherlands bunker demand down on the month

Combined demand for LSFO, HSFO and MGO for bunkering in the Netherlands fell by 11pc on the month to 937,000t in November, according to data from Statline. Demand for all three fuels fell. LFSO continued to account for the majority of demand, at 576,000t. Demand for HSFO fell by 20pc on the month to 213,000t. MGO demand was at 148,000t, down by 10pc on the year.

## Supply

### ARA stocks trend lower on the month

Independently held ARA fuel oil stocks had fallen to 1.32mn t (or 8.48mn bl) by 20 February, down from 1.36mn t at the end of January, possibly on lower HSFO arrivals and refinery turnarounds. Around 190,000t of Saudi HSFO has arrived in northwest Europe in February, down by about 100,000t on the month, but still a relatively strong showing. The drop probably reflects maintenance at the Jizan refinery, which started in January and are expected to finish towards the end of this month. Seasonal refinery maintenance in Europe has also pressured domestic fuel oil supply. Supply should rise as units return from maintenance, although unplanned outages could still point to a tight market, especially for HSFO.

At least four refineries are reported to be carrying out unplanned primary unit maintenance, including France's 109,300 b/d Feyzin and Germany's 215,000 b/d Vohburg-Neustadt and 310,000 b/d Karlsruhe. A CDU at Motor Oil Hellas' Corinth 180,000 b/d refinery in Greece is still off line, following a fire in September. But Tupras has restarted a CDU at Turkey's 238,000 b/d Izmir refinery in February, following a fire in November.

### Refinery closures to support margins

Nearly 400,000 b/d of capacity, about 3pc of Europe's total, is scheduled to close permanently in 2025, including Petroineos' 150,000 b/d Grangemouth refinery in Scotland, Shell's 147,000 b/d Wesseling refinery in Germany and a third of the capacity at BP's nearby 257,000 b/d Gelsenkirchen. These closures will support refining margins in Europe, enabling operators to lift runs. But there will be reluctance to boost VLSFO output when refineries fully return from maintenance, as VLSFO supply east of Suez is strong, especially following the resumption of Dar Blend crude production and exports. By contrast, refiners in the Mediterranean could be incentivised to prioritise MGO, as the region will become an ECA zone from 1 May and MGO might be favoured more over ULSFO because of its greater spot availability.

# Asia-Pacific

Asia-Pacific bunker forecast											\$/t
	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	3Q25	4Q25	1Q26	2Q26
<b>Crude price forecast</b>											
Dubai	527	581	563	525	515	516	512	526	550	558	572
<b>Conventional</b>											
<b>Fob Singapore</b>											
3.5%S HSFO 380cst	438	475	485	457	432	438	436	424	425	436	459
0.5%S VLSFO	530	567	557	541	527	516	522	531	545	558	562
<b>Dob Singapore</b>											
3.5%S HSFO 380cst	456	493	500	473	447	454	452	440	441	452	474
0.1%S MGO	664	708	683	657	647	634	629	654	687	682	687
0.5%S VLSFO	540	578	566	556	543	533	542	550	564	577	576
<b>Alternative</b>											
<b>Dob</b>											
B24 Singapore (Ucome & VLSFO)	671	710	706	695	681	672	676	692	713	731	736
<b>\$/t VLSFOe</b>											
B24 Singapore (Ucome & VLSFO)	714	754	750	739	724	714	719	736	758	777	782
Grey methanol southeast Asia	761	783	805	743	738	741	746	761	783	793	800
<b>\$/t MGOe</b>											
B24 Singapore (Ucome & VLSFO)	733	774	770	758	743	733	738	755	778	797	803
Grey methanol southeast Asia	782	803	827	763	758	761	766	781	804	814	821
<b>Asia-Pacific bunker marker</b>											
Grey ammonia cfr east Asia \$/t VLSFOe	971	967	903	858	847	825	802	836	986	986	911
Grey ammonia cfr east Asia \$/t MGOe	997	993	927	881	870	847	824	858	1012	1012	935

## Prices

### Conventional fuels

#### Singapore HSFO cracks could soften

The delivered scrubber spread in Singapore narrowed to \$67/t in the first half of February from \$85/t in January, driven by strong HSFO values. Delivered HSFO cracks strengthened to a discount of \$59/t to Dubai crude from a discount of \$87/t as tighter Russian supply caused by new US sanctions pushed up outright prices. But HSFO cracks could soften in March as more volumes arrive. Consistently high

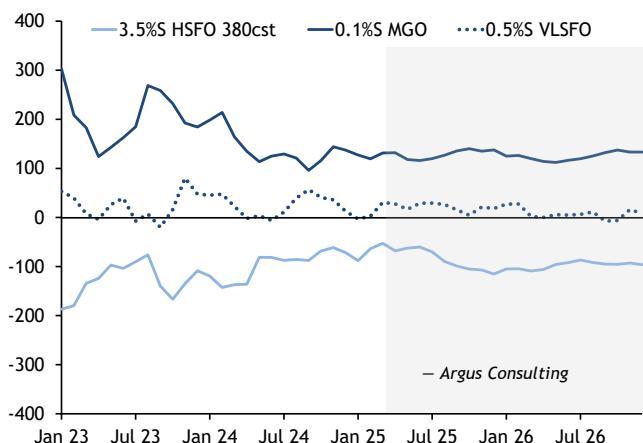
HSFO prices in Singapore relative both to Europe and the US facilitated arbitrage shipments. The spread between Rotterdam HSFO barges and Singapore HSFO cargoes widened in the first half of February to \$35/t, the highest level in nine-months. But upside risks persist as HSFO supply from Russia could still be curtailed as Russian facilities continue to be under the threat from Ukrainian drone attacks. In February, there was an overnight drone strike on Russian state-controlled Rosneft's 200,000 b/d Syzran refinery. This incident is among a series of recent drone attacks on refineries, including one on Gazprom's Astrakhan gas processing plant and on Lukoil's 290,000 b/d Volgograd refinery.



#### VLSFO cracks pressured by supply inflows

Delivered VLSFO crack spread returned to a premium to Dubai crude in the first half of February but weakened back to a discount later in the month. Low sulphur crude blendstocks and residual fuel arrivals are forecast to be increasing in the next weeks and might be higher in March compared to February arrivals. This coupled with weaker bunker demand will continue weigh down on VLSFO prices.

Another factor that could put bearish pressure on VLSFO prices could be the possible resumption of exports of South Sudan's Dar Blend crude. There are indications that exports of Dar Blend might finally be close to a restart -nearly a year

**Singapore bunker cracks vs Dubai crude**

after South Sudan declared force majeure caused by civil war. Dar Blend is a key feedstock for VLSFO production. The absence of Dar Blend crude has resulted in most VLSFO exports from Kuwait's al-Zour refinery heading to Fujairah, instead of Singapore, despite the latter's VLSFO bunkering volumes being substantially larger.

In the long-run, fuel oil prices could come under pressure from a rising shift towards cleaner energy sources. In south Asia, a trend is emerging whereby countries are switching to LNG in their power generation sector from fuel oil. For example, Sri Lanka's state-owned Ceypetco recently offered tender to sell 2pc fuel oil for March loading. The country previously imported fuel oil for power generation, especially in the summer months, but buying interest has slowed down as a result of the switch.

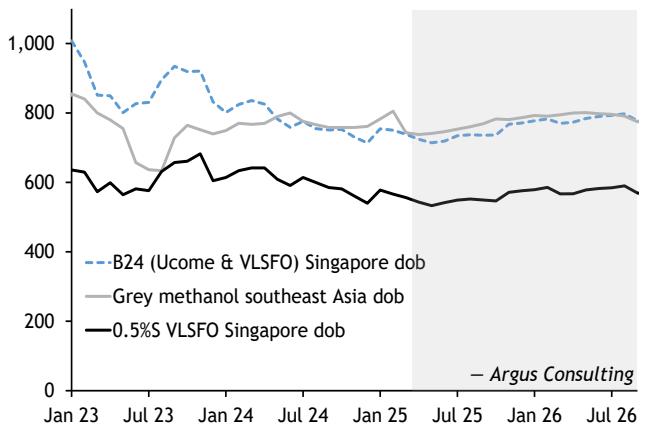
## Alternative fuels

### Biofuels

**Singapore B24 to stay competitive to Europe**

B24 prices for VLSFO blend in Singapore have averaged \$706/t in February, little changed from January, as rising underlying biodiesel values were outweighed by falling LSFO prices — a dynamic likely to persist in the coming months.

Ucome fob China prices have been rising since November. They stood at \$1,056/t in January and have averaged \$1,079/t this month. But with European Ucome prices holding above \$1,400/t in November-January, Ucome fob China values were lower than they could be, given a EU anti-dumping duty of at least 22.8pc.

**Alternative marine fuels vs VLSFO**

On 11 February, the European Commission published definitive anti-dumping duties on Chinese biofuel producers. These are lower than the duties set out in November's provisional disclosure. The definitive duty rate for most co-operating companies and the lowest rate for biodiesel producers is set at 21.7pc, down from the 22.8pc cited in November. The lower rate should lift the price ceiling for Ucome fob China to compete with the European market. As Ucome fob ARA prices are forecast to increase in the second quarter, Ucome fob China prices should rise as well, but might fall subsequently under pressure from declining diesel and crop prices.

Rising biodiesel exports to Singapore for bunkering could challenge the assumption that Ucome producers in China will continue to focus on Europe. China's biodiesel exports to Singapore were up by 56pc on the year in December, ahead of 2025's implementation of FuelEU Maritime regulation. Marine bioblends can be loaded in Singapore on vessels operating routes between Asia and Europe.

B24 Ucome dob Singapore's discount to Ucome dob ARA — both blends include VLSFO — has widened by \$19/t to \$192/t in February, once ETS costs are accounted for. The spread is likely to hover around this level, before closing in summer, potentially to around \$170/t.

### LNG

Delivered LNG in China is cheaper than in Europe for a second consecutive month in February, having not previously priced at a discount since June 2022. While the weather in Europe has generally been colder than usual this year, temperatures in key northeast Asian markets have been higher than forecast, and northeast Asia's LNG imports of nearly 20mn t in January were about 0.5mn t lower than expected.

Colder weather in February might have supported LNG demand, but is expected to be offset by slower economic activity during the Lunar New Year festivities. By the end of this year, however, we expect LNG values in Europe to have returned to a discount to northeast Asia delivered LNG.

Meanwhile, Singapore-headquartered fuel supplier Straits Bio-LNG said on 13 February that it has merged with energy industry coalition SEA-LNG. Straits Bio-LNG aims to deliver 250,000 t/yr of liquid biomethane (bio-LNG) to the port of Singapore. Recorded LNG bunker volumes in Singapore quadrupled to 463,948t last year, according to Singapore's Maritime and Port Authority (MPA). Bunkering of alternative marine fuels at the port passed the 1mn t mark in 2024 — with 882,830t of bio-fuel blends and 463,948t of LNG. Demand for bio-methane is also set to grow, with MPA seeking to scale up its offshore LNG bunkering facility and supply of bio-methane as a bunker fuel.

## Demand

### Asia-Pacific bunker demand to rise in 2025

Our forecast for conventional fuel demand in Asia-Pacific is in line with global trends, with rise of 3.3mn t to 133.3mn t this year, followed by falls in 2026-27. The return of traffic to the Red Sea drives a decline of 2.9mn t to 130.4mn t in 2026. Vessels have been bunkering with bigger volumes ahead of the longer journey around the Cape of Good Hope, so a large portion of additional demand from the diversions has been in Singapore rather than ports on the longer route. In Singapore, the average bunker volume was 1,320t last year, up from 1,250t in 2023, according to the Maritime and Port Authority of Singapore.

As with the global trend, HSFO demand rises in 2026-27, even as overall conventional demand falls. We expect HSFO demand to rise from an estimated 31.2mn t last year to 34.2mn t in 2025, 34.5mn t in 2026 and 35.3mn t in 2027. With rising HSFO demand reflecting a growing fleet of scrubber-fitted vessels, our forecast for VLSFO has demand falling to 61.3mn t in 2027, from last year's estimated 67mn t.

Asia-Pacific bunker fuel demand					mn t
	2023	2024	2025	2026	2027
VLSFO	68.2	67.0	66.4	63.3	61.3
HSFO	29.7	31.2	34.2	34.5	35.3
MGO	32.0	31.8	32.6	32.6	32.2
<b>Total</b>	<b>129.9</b>	<b>130.0</b>	<b>133.3</b>	<b>130.4</b>	<b>128.8</b>

### Weaker demand in Singapore

Bunker sales in Singapore fell by 6pc on the month and 9pc on the year to 4.49mn t in January, according to the port authority. The year-on-year drop reflects a particularly strong January 2024, rather than a weak showing last month. Tightening US sanctions on Russian energy exports limited demand ahead of the Lunar New Year celebrations at the end of January. But January demand was still up on the January 2023 average of 4.32mn t. Demand in 2024 was particularly strong thanks to diversions away from the Red Sea, which continued to lend some support to sales last month.

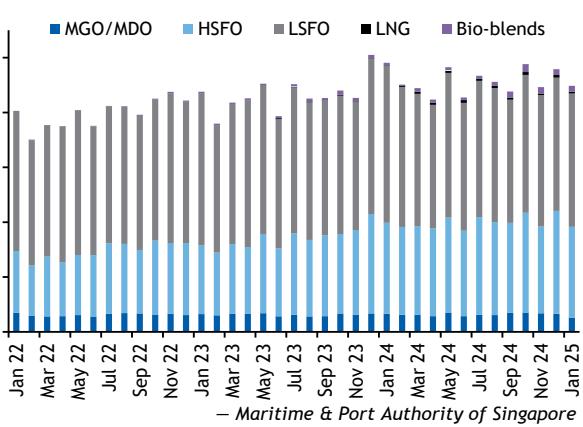
Sales of alternative marine fuels stayed firm in January. Bio-blend sales more than doubled on the year to 107,900t, but rose by just 1pc on the month. Demand for bio-blended marine fuels in the final quarter of 2024 and at the beginning of 2025 was strong as competitive pricing in Singapore drew demand from the ARA hub. LNG sales rose by over 200pc on the year for the fifth month in a row, hitting 32,800t.

But conventional fuels still made 97.6pc of sales in January. Sales of all main conventional fuels fell on the year in January — MGO by 21pc to 259,600t, LFSO by 15pc to 2.43mn t and HFSO fell by just 0.2pc to 1.66mn t. HFSO's drop was limited by the switch from LFSO as the scrubber-fitted fleet grows.

### Japan bunker sales rise in December

Bonded bunker sales rose by 3pc on the year in Japan to 313,000t in December, according to the Petroleum Association of Japan (PAJ). December was the only month of 2024 in which demand did not fall on the year. Overall 2024 bonded bunker demand fell by 15pc to 3.16mn t. Lower sales reflect lower production. Refinery runs fell in 2024 because of technical problems and falling domestic product demand. Utilisation rates averaged 74.2pc in 2024, down from 76.9pc in 2023 and 78.7pc in 2022.

### Singapore bunker sales



## Supply

### VLSFO supply remains ample in Singapore

Fuel oil stocks in Singapore had increased from 18.46mn bl at the end of January to 18.91mn bl by 19 February, driven by robust imports. Oversupply of VLSFO in the city state is expected to persist in the coming weeks as a result of increased arbitrage arrivals at a time of subdued bunker demand.

According to Kpler, about 280,000t of VLSFO from KPC's al-Zour refinery in Kuwait, which is running at capacity, is expected to arrive in early March. It will be the first time that Singapore has received supplies from KPC since mid-2023, as more Kuwaiti cargoes have headed for Fujairah. But a stock-build at the Middle Eastern bunkering hub has seen some cargoes being diverted to Asia. Singapore is also expected to receive around 270,000t of LSSRFO from Nigeria's Dangote in March. This is probably the result of problems with the refinery's RFCC unit, which uses LSSRFO as feedstock. Dangote stopped regularly exporting LSSRFO after the RFCC unit came on stream in the third quarter of last year. Meanwhile, maintenance to one of Taiwanese company Formosa Petrochemicals' RFCC units has also buoyed LSSRFO exports from Taiwan, which could hit 120,000t in March, with Singapore the likely destination. In addition, robust runs have enabled Brazilian refiners to boost their exports — Brazilian exports of LSFO to the city state are poised to hit a record 730,000t in March. On top of this, the return of Dar Blend crude — a key feedstock for VLSFO — should swell VLSFO supply east of Suez. The first cargo of Dar Blend to be exported since the pipeline feeding the Sudanese port of Bashayer was repaired is likely to be heading for Malaysia.

### Russian inflows slow

Although the latest US sanctions that added 183 tankers to the sanctions list primarily targeted Russian crude exports, buyers of Russian products might also have taken a more cautious approach. This could partly explain the slowdown in HSFO receipts from Russia. Just 300,000t of Russian HSFO loaded for Singapore last month, less than half December's level, and receipts have fallen to less than 200,000t in February. But the overall decline in Russian fuel oil exports in the last two months might be the result of drone attacks on plants in southern Russia, which have hit operations at Astrakhan, Volgograd, Ryazan, Novoshakhtinsk and Syzran.

## Regulation

### S Korea, Australia to build green shipping corridor

South Korea and Australia have committed to establishing a carbon-neutral shipping route by 2029, the former's oceans and fisheries ministry has said. The initiative comes in response to 2050 decarbonisation targets set by the IMO. Vessels using this route will have to use carbon-free fuel and eco-friendly technology. A preliminary feasibility study will be conducted by the first half of 2026. The route will be trialled in 2029, following further economic, technical and institutional studies and operational planning. The details and timing of the project could be tweaked in accordance with bilateral discussions. There is no indication of how the corridor will be enforced.

### Japan's Class NK clears ammonia-fuelled bunker ship

A consortium has received approval in principle (AiP) for its ammonia-fuelled ammonia bunkering ship from Japanese classification society Class NK. The consortium — including NYK, Singaporean engineering company Seatrium and other undisclosed firms — obtained the AiP on 18 February, NYK Line said on 25 February. The AiP proves the ship design meets Class NK's safety, technical, and environmental standards.

Ammonia's safety risks, including its toxicity, and the danger of leaks from piping and tanks are major design challenges. The consortium aims to commission the ship by the latter half of this decade and operate it in Singapore. The ship will also be assessed by the Maritime and Port Authority of Singapore. NYK Line and partners have not decided where to build the ship. NYK Line declined to disclose the ammonia bunkering capacity of the vessel.

Japan's shipping industry is developing alternative fuels to achieve decarbonisation, and ammonia is a key part of this. NYK Line and its other partners — domestic shipbuilder Nihon Shipyards, engine developer Japan Engine and IHI Power System — also secured AiP for their 40,000m<sup>3</sup> ammonia-fuelled medium gas carrier in 2024. This will be built at Japan Marine United's Ariake yard in Kumamoto prefecture, with commissioning targeted for 2026.

# Americas

North America bunker forecast											\$/t
	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	3Q25	4Q25	1Q26	2Q26
<b>Crude price forecast</b>											
WTI Houston	553	595	573	548	539	538	539	554	581	593	605
<b>Conventional</b>											
<b>Fob Houston</b>											
3.5%S HSFO 380cst	417	439	431	397	379	397	397	396	405	399	432
0.5%S VLSFO	534	568	551	538	532	521	505	518	526	548	566
<b>Dob Houston</b>											
3.5%S HSFO 380cst	440	468	450	415	398	415	411	413	425	420	453
0.1%S MGO	738	812	746	721	680	653	649	678	697	707	712
0.5%S VLSFO	537	565	548	535	530	519	504	517	524	545	563
<b>Alternative</b>											
<b>Dob US Gulf coast</b>											
<b>\$/t VLSFOe</b>											
Grey methanol	897	879	862	771	754	743	734	723	710	716	723
<b>\$/t MGOe</b>											
Grey methanol	964	945	927	830	811	799	790	777	764	770	777
<b>North America bunker marker</b>											
Grey ammonia fob Caribbean \$/t VLSFOe	1221	1056	1033	1033	964	861	804	857	971	926	834
Grey ammonia fob Caribbean \$/t MGOe	1313	1136	1111	1111	1037	926	864	922	1044	996	897

## Prices

### Conventional fuels

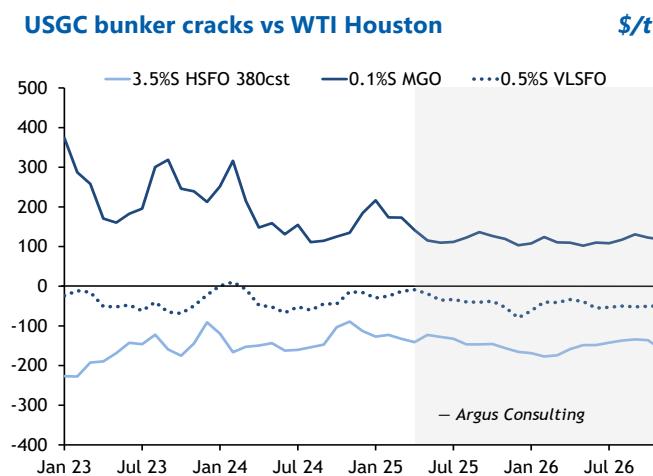
#### US Gulf coast marine fuel prices firmer

Conventional prices at the US Gulf coast have weakened this month, tracking crude. The HSFO price fell most sharply, pushing the spread between VLSFO and HSFO Houston ex-wharf out to an average of \$98.16/t from \$97.29/t in January.

Maintenance in the US is limiting feedstock demand for the higher-sulphur grade. But declining US fuel oil stocks and slowing imports have put a floor under prices. According to

the latest weekly Energy Information Administration (EIA) report, US residual fuel oil stocks had dropped to an 11-week low in the week to 14 February at 23.32mn bl. This is nearly 20pc down on the year. Imports spiked on a sharp rise in Atlantic coast arrivals. Gulf coast imports were also double the prior week's, albeit short of east coast numbers.

The ex-wharf HSFO crack spread has narrowed to a \$122.82/t discount to WTI Houston, in from a \$127.02/t discount last month, as crude prices fell by more than HSFO prices. On the VLSFO market, the ex-wharf crack spread has strengthened to a \$24.61/t discount to WTI Houston, in from a \$29.78/t discount in January, for the same reason.



## Demand

### Americas conventional demand on downward trend

Bucking the global trend, we estimate that bunker demand in the Americas fell in 2024, albeit by just 0.1mn t to 40.4mn t. Demand in Americas has not had any support from the Red Sea diversions. In 2025, we see demand staying at 40.4mn t, before falling to 40.2mn t in 2026 and 39.7mn t in 2027.

In line with the global trend, LSFO demand is expected to fall as HSFO demand climbs. We see VLSFO demand at 18.2mn t in 2027, down from last year's estimated 19.8mn t. HSFO demand is expected to reach 7.3mn t, up from last year's estimated 6.3mn t. Demand for MGO is expected to stay steady — at 14.4mn t in both 2025 and 2026, and 14.2mn t in 2027, compared with an estimated 14.3mn t in 2024.

### Rising transits supporting Panama sales

Bunker sales in Panama rose by 27pc on the year to 477,900t in January, according to data published by the Panama Canal Authority. This was supported by vessel transits, which were up by 29pc, at 642. Rising water levels at the Gatun lakes, which feed the canal, have allowed the cap on vessel transits to be raised over the past year.

VLSFO sales rose by 24pc on the year to 307,000t — a four-month high. Competitive pricing — VLSFO in Panama priced below competing ports such as Cartagena in Colombia and Santos in Brazil — supported demand for the fuel. HSFO sales were up by 33pc on the year to 117,900t, but this was down on the previous three months. MGO sales were up by 28pc on the year, at 53,000t.

Americas bunker fuel demand	mn t				
	2023	2024	2025	2026	2027
VLSFO	20.0	19.8	19.2	18.8	18.2
HSFO	6.0	6.3	6.7	7.0	7.3
MGO	14.5	14.3	14.4	14.4	14.2
<b>Total</b>	<b>40.5</b>	<b>40.4</b>	<b>40.4</b>	<b>40.2</b>	<b>39.7</b>

## Supply

### US stocks trend lower as maintenance peaks

US residual fuel oil stocks had dropped to 23.32mn bl by 14 February, slightly down from 23.54mn bl at the end of January, according to weekly EIA data. Maintenance in the US is expected to peak in February before refining capacities gradually return next month — crude runs dropped to 15.42mn b/d in the week to 14 February, the lowest since last February, but still nearly 5pc up on the year, reflecting a less intensive maintenance programme. The turnarounds meant lower demand for HSFO as coker feedstock, which is reflected in lower imports — less than 1mn t of HSFO is expected to arrive in the US in February, with Mexican volumes down by around 180,000t in February, according to Vortexa data. Reduced runs are also likely to have affected supply of VLSFO, supporting cracks on the US Gulf coast, while the European market has weakened in recent days.

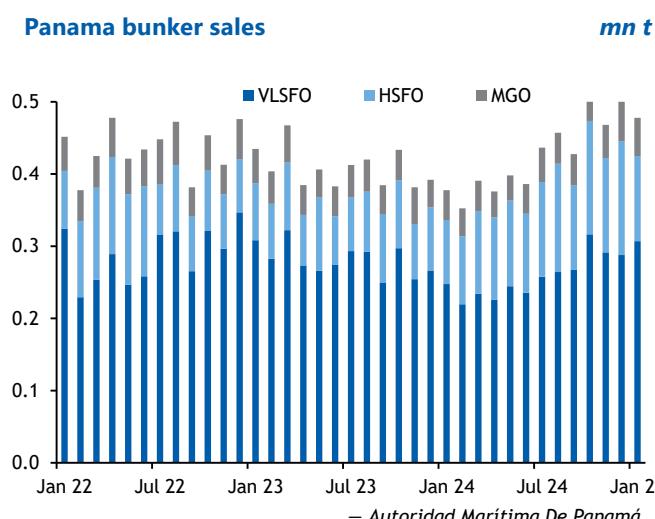
Refinery closures are expected in the US this year, tightening domestic fuel oil supply. LyondellBasell has already shut its 264,000 b/d plant in Houston and Phillips 66 plans to close its 139,000 b/d Los Angeles plant in California later this year.

## Regulation

### California aims to expand alternative bunkering

California's lawmakers are to consider how to expand alternative marine fuel use by ocean-going vessels operating along the state's coast. State senate bill 298, introduced by state senator Anna Caballero (D), would require the California State Energy Resources Conservation and Development Commission (Energy Commission), the California Transportation Agency and the state board to develop a plan by 31 December 2030 for the use and deployment of alternative fuels at California's public sea ports.

The plan should identify significant alternative fuel infrastructure and equipment trends, needs and issues, and describe how the state will facilitate permitting and construction of infrastructure to support alternative fuels.



The plan should also identify locations for alternative fuel infrastructure, provide a reasonable timeline for construction and an estimate of costs, including public or private financing opportunities.

The bill also calls for the Energy Commission to convene a working group consisting of representatives of sea ports, marine terminal operators, ocean carriers, waterfront labour, cargo owners, environmental and community advocacy groups, the Transportation Agency, the state board, the Public Utilities Commission, and air quality management and air pollution control districts. The working group will advise the commission.

US territorial waters, including California's, are designated as Emission Control Areas (ECAs), where the sulphur content of marine fuel burned by ocean-going vessels is capped at 0.1pc. Ocean-going vessels could achieve the equivalent of 0.1pc sulphur marine fuel emissions by installing scrubbers. But California has banned their use — the only US state to do so.

California also requires that ocean-going vessels at berth in California ports to use shore power or alternative technol-

ogy such as batteries. The regulation came into force for container ships, reefers and cruise liners in 2023. It came into force last month for tankers visiting Los Angeles and Long Beach and for roll on-roll off vessels. From 1 January 2027, it will apply to all tankers at berth in all California's ports.

US harbour vessels — such as barges, commercial fishing vessels, excursion vessels, dredgers, pilot vessels, tugboats and workboats — in California's waters are required to burn renewable diesel (R99 or R100). Elsewhere in the US, harbour vessels are required to burn ultra-low sulphur diesel (ULSD).

### **Canada's Halifax port to get C\$25mn for upgrades**

The Canadian government is to give the port of Halifax C\$25mn (\$17.4mn) to make sustainable infrastructure upgrades. About C\$22.5mn will be allocated for the Halifax-Hamburg green shipping corridor, including the construction of a hydrogen production facility, electrification of port equipment to cut emissions, and hosting and possibly bunkering ships powered by alternative fuels. Halifax and Hamburg agreed to create a green shipping corridor in 2022, with the intention for vessels to burn green hydrogen when travelling between those ports.

# Middle East

Middle East bunker forecast											\$/t
	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	3Q25	4Q25	1Q26	2Q26
<b>Crude price forecast</b>											
Dubai	527	581	563	525	515	516	512	526	550	558	572
<b>Conventional</b>											
<b>Fob Fujairah</b>											
3.5%S HSFO 380cst	430	462	475	449	427	433	431	418	414	429	454
0.5%S VLSFO	531	566	558	534	521	510	503	516	543	554	558
<b>Dob Fujairah</b>											
3.5%S HSFO 380cst	434	469	479	456	433	441	436	426	426	435	460
0.1%S MGO	732	759	755	729	720	707	701	726	759	754	759
0.5%S VLSFO	535	569	562	538	524	513	506	519	546	557	561
<b>Middle East bunker marker</b>											
Grey ammonia Middle East fob \$/t VLSFOe	933	833	766	732	721	698	675	709	856	863	796
Grey ammonia Middle East fob \$/t MGOe	960	858	788	754	742	719	696	730	881	889	819

## Prices

### Conventional fuels

#### Fujairah scrubber spread at five-year low

The premium of VLSFO to HSFO — the scrubber spread — has fallen to its narrowest in nearly five years in the port of Fujairah in February, driven by higher HSFO values and lower VLSFO prices. The spread has averaged \$82/t this month, in from \$100/t in January, and should continue falling in March. HSFO's crack spread to Dubai crude strengthened to a \$84/t discount, in from a \$112/t discount in January, on tighter supply. Demand for HSFO has been rising in Fujairah because of the number of scrubber-fitted vessels calling.

VLSFO fundamentals east of Suez have weakened in February, with low-sulphur blendstocks and residual fuel receipts set to increase in February-March. Fujairah is currently well

supplied, so cargoes could be diverted from there to Singapore. Higher VLSFO output at local refineries has pressured prices in Fujairah. And the resumption of production and exports of South Sudan's Dar Blend crude could increase supplies of VLSFO in Fujairah. Another factor behind the weakening scrubber spread is cheaper supply at the neighbouring port of Khor Fakkan.

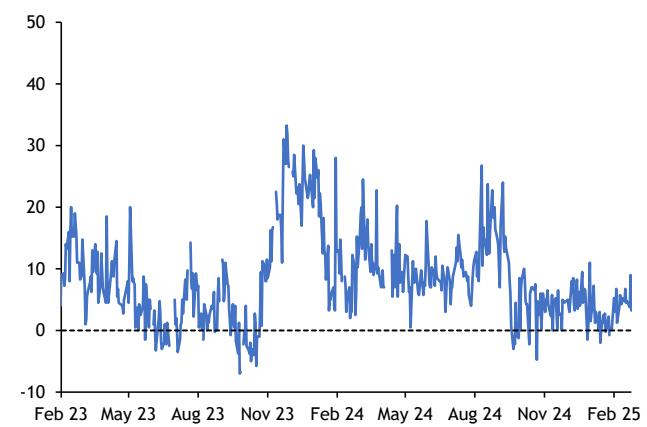
## Supply

#### VLSFO supply outlook improves on Dar Blend return

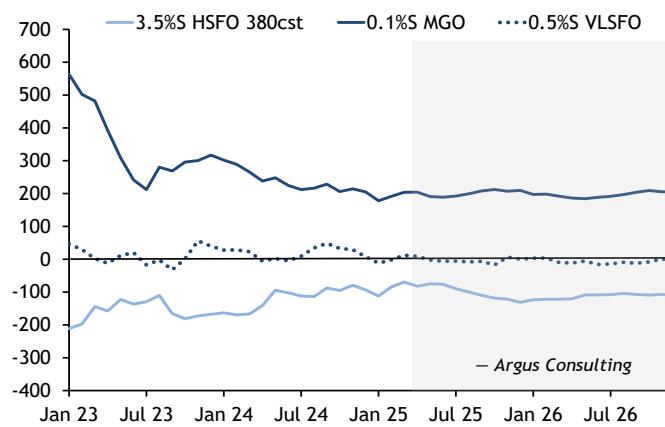
South Sudan has restarted production of heavy sweet Dar Blend crude, which is sent by pipeline to Sudan's Red Sea port of Bashayer for export, state-owned Nilepet says.

The *Toska*, loaded with 600,000 bl of Dar Blend, departed from Bashayer on 24 February, according to Kpler tracking

#### Fujairah dob VLSFO diff. to VLSFO fob Singapore \$/t



#### Fujairah bunker crack spreads vs Dubai crude \$/t



data. This would be South Sudan's first Dar Blend export since February 2024, when production of the grade was halted because of disruption along the Petrodar pipeline that links the oil fields to Bashayer. Repairs to the line finished some time ago, and the initial plan was to resume production and exports by early January. But efforts to restart flows were dogged by Sudan's civil war — the paramilitary group RSF controls some territory that the Petrodar pipeline crosses, and it has been difficult for the two parties involved in the conflict to reach a solid agreement. The war will continue to pose risks to operation of the pipeline.

The absence of Dar Blend tightened VLSFO supply east of Suez, where the grade is a key feedstock for refineries, such as the Montfort and Vitol plants at Fujairah, and Vitol's facility at Tanjung Bin, Malaysia. These have been forced to turn to alternative crudes, including South Sudan's medium sweet Nile Blend, flows of which have been unaffected by the conflict. But Montfort is likely to have halted operations for a few weeks, pausing its supplies of VLSFO to the regional bunkering market, with market participants citing protracted land lease extension negotiations, credit problems and a lack of feedstock.

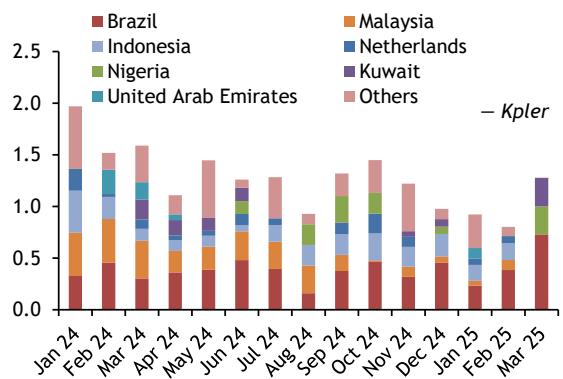
South Sudan was exporting about 100,000 b/d of Dar Blend before the shutdown, most of which went to Fujairah. Despite uncertainties about the full recovery of Dar Blend exports, deliveries of the grade will help refiners east of Suez to increase VLSFO production, especially in Fujairah, where import requirements have surged — Fujairah imported 2.35mn t of VLSFO last year, up from 1.24mn t in 2023.

### Al-Zour hits capacity

Kuwait's 615,000 b/d al-Zour refinery was operating at 50-60pc capacity in mid-January. The refinery has been carrying out staggered atmospheric desulphurisation unit turn-arounds since the fourth quarter of last year, which might have prevented KIPIC from ramping up. But this should now have been wrapped up, with KIPIC indicating the refinery reached full capacity this month. The refinery was previously scheduled to hit capacity by the end of last year, but operational challenges intervened.

At capacity, al-Zour could produce 11mn-12mn t/yr (194,000-212,000 b/d) of VLSFO, around half of which would be allocated for domestic power generation, leaving around 500,000 t/month for exports. KPC has a VLSFO term contract with QatarEnergy (QE) and ExxonMobil, supplying 45,000t to QE for January and February. And the company has resumed VLSFO spot sales this year. Kuwait's VLSFO exports in Febru-

### Kuwait fuel oil exports by destination



ary should hit around 200,000t, following the departure of a tanker with 110,000t from al-Zour, Vortexa data show. The cargo could head for Singapore or Fujairah — the latter has turned to Kuwait for more VLSFO supplies since early 2024 after domestic output fell as a result of reduced feedstock availability, and has more recently looked to Nigeria's Dangote refinery for LSFO. Al-Zour's step up to capacity could depress VLSFO prices.

### Demand

#### Fujairah bunker sales down on year in January

Demand in Fujairah fell by 7pc on the year to 592,600t, but was up from December's 18-month low. Sales in Fujairah have been limited by competitive pricing at nearby ports, such as Khor Fakkan, and risk premiums triggered by regional instability. But if traffic does start to return to the Red Sea, demand could be drawn back from Singapore to Fujairah.

MGO sales rose by 23pc on the year to 31,100t, a 10-month high. HSFO sales rose by 11pc to 175,900t. VLSFO sales were at 385,600t, down by 7pc on the year.

#### Strong January sales in Sohar, Oman

Bunker sales at the Omani port of Sohar rose by 36pc on the year to 75,000t in January, Sohar port and freezone chief business development of marine services Haitham Al Tamimi told the Middle East Bunkering Convention (MEBC) in Dubai. An agreement with bunker supplier TFG Marine to establish a supply operation at the deep-sea port drove the rise. This partnership could support demand for alternative marine fuels in the region. TFG believes Sohar has potential to develop wider use of alternative fuels at a faster pace than Fujairah, the world's third-largest bunkering port. The port wants to become the first LNG bunkering hub in the region.



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