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Argus Marine Fuels Outlook

Global conventional and alternative marine fuels



Overview

Fuel oil cracks in Asia are expected to remain supported, although easing tightness is likely as Middle East power generation demand declines after the summer cooling season. Risks remain as the US-Iran conflict and continued disruption to traffic through the strait of Hormuz could limit fuel oil exports. But a recently agreed temporary shipping framework between Iran and Oman could boost flows. Even a modest increase in Middle East exports to Singapore is likely to soften cracks in the coming months, although they are expected to remain above typical seasonal levels.

The conflict's impact on Middle East conventional bunker demand remains significant, reducing regional demand by 12.8mn t compared with our pre-war 2026 forecast. Global demand for alternative fuels has been more resilient than conventional fuels. Globally, we expect alternative bunker demand to rise 22pc on the year to 266,000t. With firm growth continuing into 2027, it will reach nearly 276,000t.

The FuelEU Ucome–MGO abatement cost, excluding ETS costs, fell in August and may decline further in the coming months, supported by strengthening MGO prices. But we expect the downward trend to be temporary, with abatement costs rising towards the end of the fourth quarter. B100 dob Netherlands prices could strengthen in September before resuming a downward trend in the fourth quarter. B100 is likely to retain a discount to MGO delivered ARA including EU ETS costs for the remainder of the year, but the spread is expected to narrow towards December.

Key bunker prices, dob

	Jun 26	Jul 26	Aug 26f	Sep 26f	Oct 26f
3.5%S fuel oil (HSFO) 380cst					*$/t*
Rotterdam	526	508	536	517	490
Singapore	531	529	629	594	537
Houston	571	513	472	467	467
Fujairah	596	546	614	586	535
0.1%S (MGO)					*$/t*
Rotterdam	943	1,115	1,218	1,190	1,203
Singapore	995	1,092	1,193	1,184	1,184
Houston	1,020	1,225	1,340	1,317	1,303
Fujairah	1,433	1,304	1,357	1,316	1,265
0.5%S (VLSFO)					*$/t*
Rotterdam	616	636	648	616	603
Singapore	684	702	788	682	657
Houston	667	667	677	668	635
Fujairah	1,123	742	799	758	682
Marine biofuel					*$/t*
B30 ARA (Fame Advanced & VLSFO)	889	898	899	854	833
B30 ARA (Ucome & VLSFO)	969	971	1,009	991	967
B100 ARA (Fame Advanced)	1,322	1,334	1,285	1,317	1,279
B24 Singapore (Ucome & VLSFO)	902	906	985	930	903
B24 Algeciras-Gibraltar (Ucome & VLSFO)	906	926	918	930	914
Grey methanol					*$/t VLSFOe*
Methanol Rotterdam	1,176	959	880	922	894
Methanol southeast Asia	1,133	948	981	1,054	1,027
Methanol US Gulf coast	1,059	919	870	964	932
LNG					*$/t VLSFOe*
LNG NWE bunker	694	805	902	909	942
LNG Singapore bunker	683	776	857	824	854
Bunker marker					
Grey ammonia					*$/t VLSFOe*
Ammonia cfr NWE	1,968	1,579	1,596	1,562	1,540
Ammonia cfr east Asia	1,840	1,553	1,347	1,313	1,347
Ammonia fob Caribbean	1,670	1,436	1,366	1,332	1,366
Ammonia fob Middle East	1,731	1,387	1,205	1,227	1,261

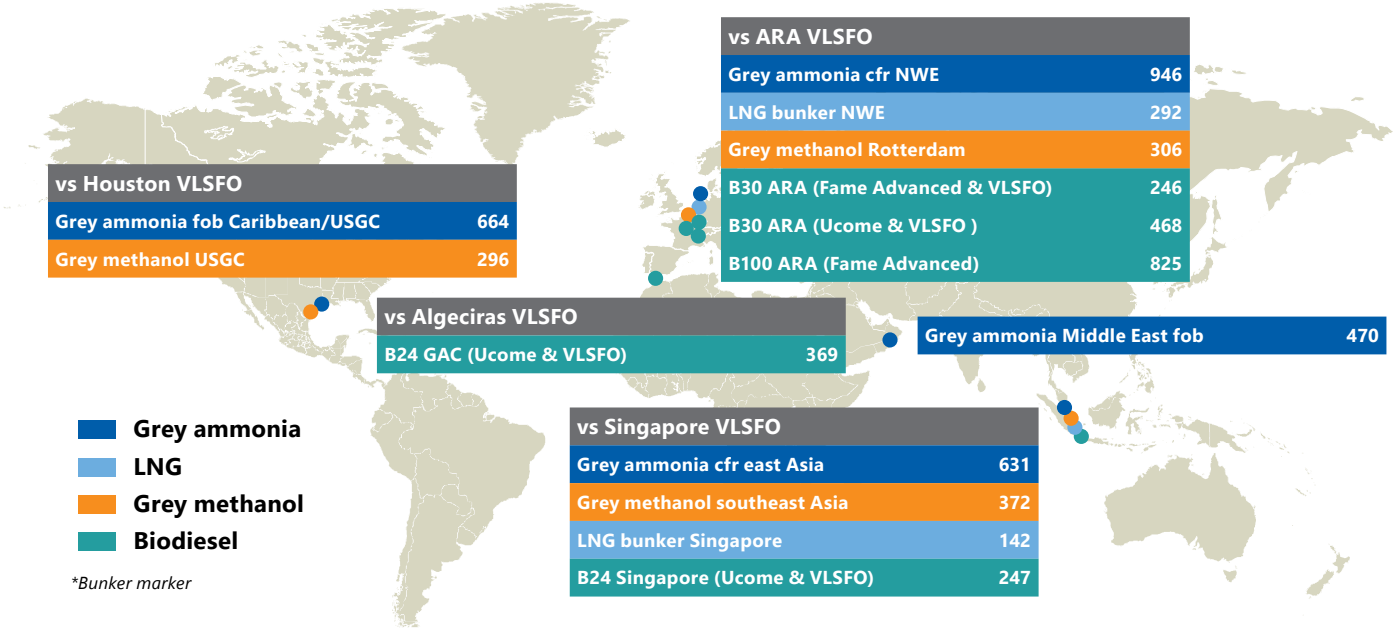
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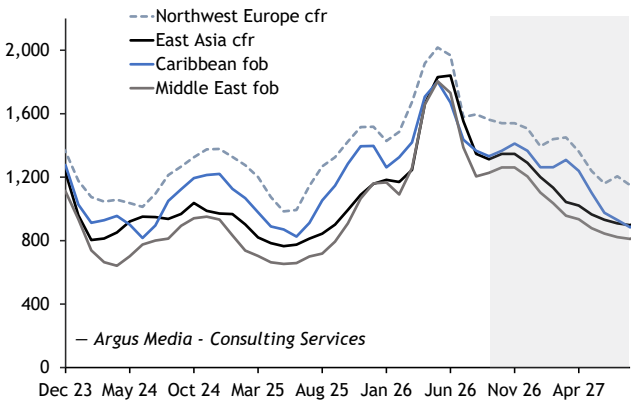
Alternative marine fuel vs VLSFO next month forecast

$/t VLSFO-equivalent



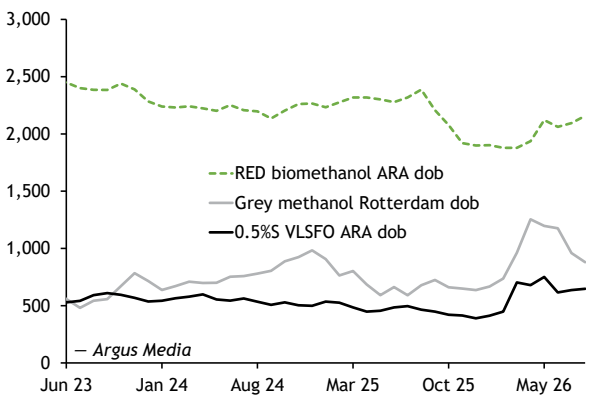
Grey ammonia bunker marker

$/t VLSFOe



Biomethanol, grey methanol vs VLSFO

$/t VLSFOe



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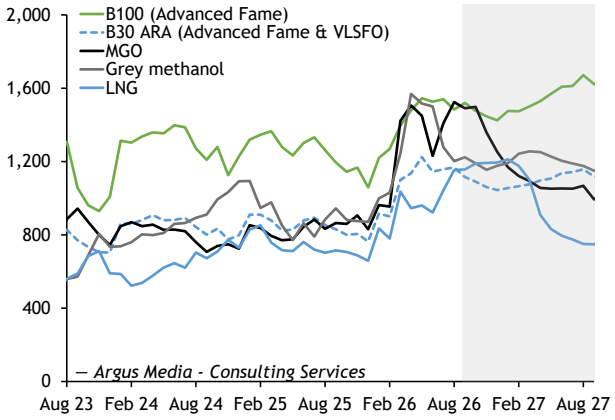
EUROPE

European bunker forecast											$/t
	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	1Q27	2Q27	3Q27	4Q27
Crude price forecast											
North Sea Dated	641	628	685	663	640	625	610	610	622	630	612
Conventional											
Fob NWE											
3.5%S HSFO 380cst	486	464	497	483	457	444	432	465	496	510	471
0.1%S MGO	973	1,095	1,220	1,191	1,191	1,063	966	821	741	722	695
0.5%S VLSFO	578	590	606	584	577	551	539	532	556	562	514
Dob											
3.5%S HSFO 380cst Rotterdam	526	508	536	517	490	482	471	490	521	535	498
0.1%S MGO ARA	943	1,115	1,218	1,190	1,203	1,066	962	829	745	725	705
0.1% fuel oil Rotterdam	865	1,028	1,130	1,099	1,109	975	868	734	649	629	612
0.5%S VLSFO ARA	616	636	648	616	603	577	565	564	588	595	546
3.5%S HSFO 380cst Algeciras	576	539	577	555	528	528	514	496	525	532	499
0.1% MGO Algeciras	1,065	1,185	1,318	1,263	1,264	1,150	1,056	852	777	755	730
0.5%S VLSFO Algeciras	660	663	685	649	634	614	602	602	627	627	586
Alternative											
Dob											
B30 ARA (Fame Advanced & VLSFO)	889	898	899	854	833	807	793	808	847	869	814
B30 ARA (Ucome & VLSFO)	969	971	1,009	991	967	947	942	944	968	973	930
B100 ARA (Fame Advanced)	1,322	1,334	1,285	1,317	1,279	1,253	1,234	1,285	1,359	1,417	1,348
B24 Algeciras-Gibraltar (Ucome & VLSFO)	906	926	918	930	914	892	886	882	906	912	867
$/t VLSFOe											
B30 ARA (Fame Advanced & VLSFO)	897	907	908	862	841	815	801	815	855	877	822
B30 ARA (Ucome & VLSFO)	1,061	1,062	1,104	1,085	1,059	1,037	1,031	1,033	1,060	1,065	1,018
B100 ARA (Fame Advanced)	1,448	1,460	1,407	1,441	1,400	1,372	1,351	1,407	1,488	1,551	1,475
B24 Algeciras-Gibraltar (Ucome & VLSFO)	991	1,013	1,005	1,018	1,000	977	970	966	992	998	949
Grey methanol Rotterdam	1,176	959	880	922	894	862	886	930	920	862	814
LNG bunker NWE	694	805	902	909	942	947	950	915	608	522	527
$/t MGOe											
B30 ARA (Fame Advanced & VLSFO)	946	956	957	909	887	859	844	860	901	925	866
B30 ARA (Ucome & VLSFO)	1,118	1,120	1,164	1,144	1,116	1,093	1,087	1,089	1,117	1,123	1,073
B100 ARA (Fame Advanced)	1,526	1,540	1,484	1,520	1,477	1,447	1,425	1,484	1,569	1,636	1,556
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1,045	1,068	1,060	1,074	1,054	1,030	1,022	1,018	1,046	1,052	1,001
Grey methanol Rotterdam	1,240	1,011	928	948	919	885	910	956	945	885	836
LNG NWE bunker	731	848	951	958	994	998	1,002	964	641	551	556
European bunker marker											
Grey ammonia cfr NWE $/t VLSFOe	1,968	1,579	1,596	1,562	1,540	1,540	1,506	1,428	1,254	1,183	1,179
Grey ammonia cfr NWE $/t MGOe	2,022	1,622	1,640	1,605	1,582	1,582	1,548	1,468	1,288	1,215	1,212

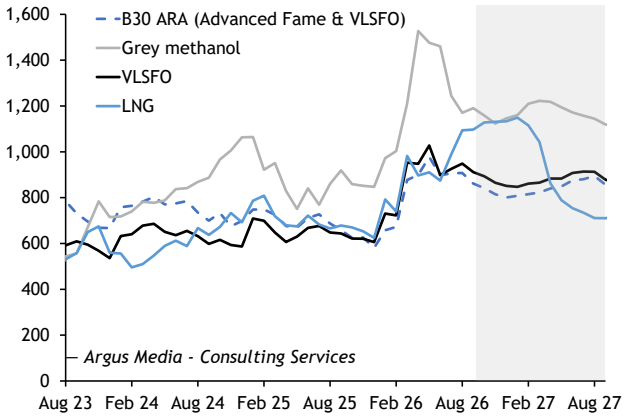
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European bunker forecast with EU ETS CO2 added combustion cost	May 26	Jun 26	Jul 26	Aug 26	Sep 26	3Q26	4Q26	1Q27	2Q27
Conventional including CO^2 cost									
0.1%S MGO ARA	1,450	1,231	1,409	1,524	1,490	1,475	1,370	1,128	1,054
0.5% fuel oil Rotterdam	1,028	899	925	949	912	929	870	858	891
Alternative including CO^2 cost									
B30 ARA (Fame Advanced & VLSFO)	1,162	1,087	1,100	1,110	1,060	1,090	1,013	1,013	1,059
B30 ARA (Ucome & VLSFO)	1,291	1,167	1,173	1,219	1,198	1,197	1,154	1,150	1,180
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1,203	1,121	1,145	1,147	1,155	1,149	1,116	1,106	1,137
$/t VLSFOe									
B30 ARA (Fame Advanced & VLSFO)	1,171	1,095	1,109	1,118	1,069	1,099	1,021	1,021	1,067
B30 ARA (Ucome & VLSFO)	1,395	1,259	1,265	1,315	1,291	1,290	1,244	1,239	1,272
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1,297	1,206	1,233	1,234	1,243	1,236	1,201	1,189	1,223
Grey methanol Rotterdam	1,476	1,461	1,244	1,170	1,191	1,202	1,143	1,197	1,195
LNG bunker NWE	911	874	989	1,094	1,097	1,060	1,131	1,103	802
$/t MGOe									
B30 ARA (Fame Advanced & VLSFO)	1,224	1,144	1,158	1,168	1,115	1,147	1,065	1,066	1,114
B30 ARA (Ucome & VLSFO)	1,344	1,237	1,269	1,311	1,350	1,310	1,301	1,295	1,329
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1,356	1,260	1,288	1,288	1,298	1,291	1,255	1,241	1,276
Grey methanol Rotterdam	1,517	1,501	1,278	1,202	1,223	1,235	1,174	1,230	1,228
LNG NWE bunker	960	922	1,043	1,153	1,157	1,118	1,192	1,163	845

European bunker forecast with EU ETS CO2 added combustion cost ***$/t MGOe***



European bunker forecast with EU ETS CO2 added combustion cost ***$/t VLSFOe***



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Prices

Conventional fuels

Low-sulphur tightness provides floor to VLSFO cracks

Delivered VLSFO prices in northwest Europe fell from an $8.5/t premium to North Sea Dated to a $37.3/t discount. Outright prices remain strong, and low-sulphur components for the fuel oil blending pool remain in short supply.

Over the summer, fuel oil supply has also been constrained across all the major global refining hubs as high refinery margins due to extremely high middle distillate and gasoline cracks have kept upgrading unit utilisation rates high.

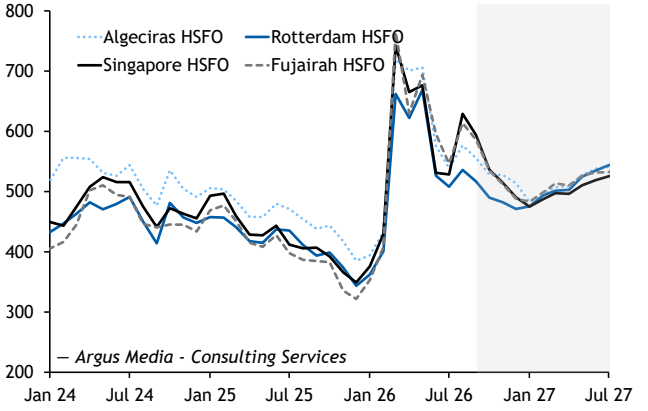
While gasoline and jet fuel demand are expected to decline seasonally after the summer driving season, low product inventories and winter heating demand for kerosene are likely to keep crack spreads high and secondary unit utilisation rates elevated, keeping fuel oil yields limited through the final quarter of the year.

High run rates at secondary units are also raising demand for blendstocks such as VGO and LSSR, keeping them out of the blending pool. This is reflected in the very strong VGO prices. This is not just limited to Europe as gasoline and middle distillate prices are exceptionally strong in all major refining hubs. As a result, competition for low-sulphur blendstocks from countries such as Algeria and Brazil is particularly high, pushing up prices.

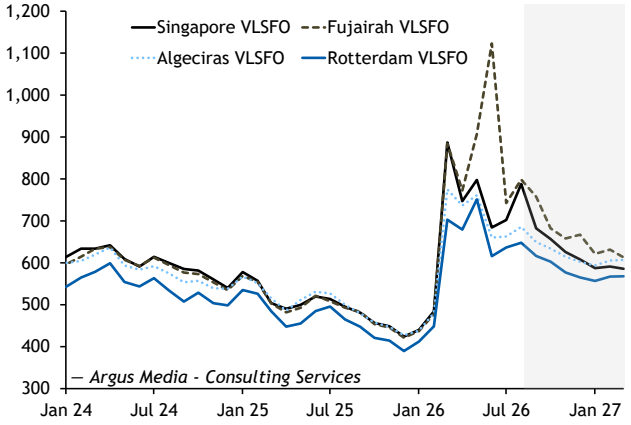
But there are signs of increasing VGO availability in Europe, as VGO prices decouple from diesel prices. This could stem from refiners maximising crude throughputs while secondary units remain consistent as they delay maintenance to capitalise on high refining margins. An upcoming shutdown of Galp's 43,000 b/d hydrocracker at Sines in September will add further supply in the region. But some refineries will likely try to postpone maintenance as companies could choose to prioritise production of middle distillates.

Initial export volumes of fuel oil from northwest Europe have been firm so far in Europe, with Vortexa data indicating volumes are currently tracking at a five-month high above

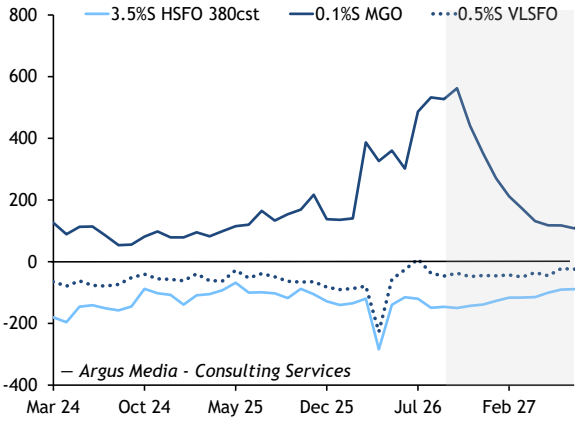
HSFO price forecast, dob *$/t*



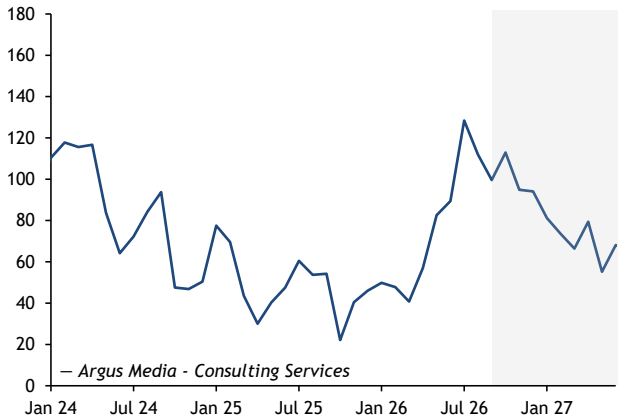
VLSFO price forecast, dob *$/t*



NWE bunker cracks vs NSD *$/t*



NWE VLSFO-HSFO spread *$/t*



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270,000 b/d. The strong exports are driven by particularly firm demand from Asia, where supply continues to be constrained. But rising freight costs mean that while we expect prices in Asia to remain at a strong premium to northwest Europe, the arbitrage could become uneconomical. Freight rates for 270,000t dirty tankers from the North Sea to east Asia exceeded $88/t on 21 August, up from an average of around $60/t in July.

This would keep more volumes in Europe, adding some downwards pressure to prices. Demand for European barrels could also drop as more barrels become available in the Middle East, as demand from power generation falls with the end of the summer cooling season.

While LSSR exports from Dangote Refinery have picked up in August, these volumes are heading east of Suez. Exports in August from Nigeria tracked above 100,000 b/d over 1-26 August, preliminary Vortexa data shows. Maintenance is thought to have been carried out on the refinery's RFCC unit in July, but it is thought that issues persist and the unit cannot run at full capacity, which would support LSSR exports remaining firm in the short term.

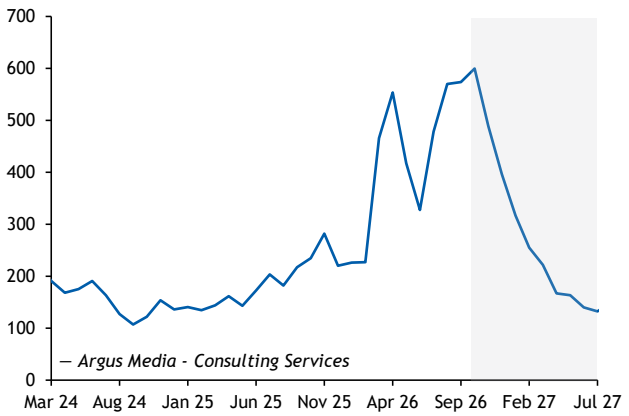
Water levels in the Rhine river have started to rise after reaching record lows in August. Low water levels in the Rhine over the summer months have added a layer of logistical challenge and therefore strength to fuel oil prices. Low water levels require barges to load with lower volumes, or in the case of this August, prevented barge transits of the upper Rhine. But while water levels are rising, barge loading volumes continue to be limited, which we expect to persist into September, but it should improve as we move through the autumn.

NWE HSFO cracks fall despite continued supply tightness

Delivered HSFO cracks in northwest Europe over 1-25 August have weakened by $29.4/t compared with the July average of a $149.3/t discount to crude. Despite the drop in cracks, underlying market fundamentals for HSFO remain tight, and outright prices are up on the month. Strength in crude is outpacing that of HSFO.

Imports of fuel oil so far in August have been firm, reflected in rising stocks held at ARA. Stocks held at ARA rose by 1.1mn bl to 4.9mn bl over 1-20 August, according to data from Insights global. But this is still more than 30pc below the five-year rolling average as fuel oil availability remains tight. This will help to keep HSFO prices supported in the coming months.

NWE MGO-VLSFO spread **$/t**



Bunker demand in Europe has been firm over summer, supported by longer crude and product trade flows. Coming to the end of summer, we will see some downward pressure as demand from cruise ships softens. But on the upside, if vessel attacks by the Houthis in the Red Sea continue and extend beyond the current blockade on Saudi vessels, we could see more vessels divert on the longer route around the Cape of Good Hope. As it stands, we have not seen a significant rise in vessels transiting the Cape of Good Hope.

There has been some relief for HSFO prices in recent months due to increased availability of both Venezuelan fuel oil and crude. Crude oil exports from Venezuela bound for Europe have nearly quadrupled on July volumes, with more than 160,000 b/d departing Venezuela over 1-26 August, preliminary Vortexa data shows. Heavy Venezuelan crude will have higher fuel oil yields than the light crudes that are more common in the European refining system. Fuel oil exports from Venezuela have been above 200,000 b/d from April to July, compared with the 2025 average of around 50,000 b/d, according to Vortexa data.

Alternative fuels

Biofuels

FuelEU Ucome–MGO abatement cost could fall

The FuelEU Ucome–MGO abatement cost, excluding ETS costs, fell to $140/tCO2e in August from $152/tCO2e in July. Abatement costs may decline further over the next couple of months, supported by strengthening MGO prices. But we expect the downward trend to be temporary, with abatement costs returning to an upward trajectory towards the end of the fourth quarter. The abatement cost reflects the expense of complying with FuelEU Maritime requirements by using biodiesel such as Ucome instead of conventional MGO.

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MGO prices rose by around $102/t from July to $1,216/t in August, tracking gains across the broader diesel market. Global diesel crack spreads strengthened further during the first three weeks of August as concerns over prompt supply availability intensified, particularly west of Suez. While higher exports from North America and Asia have largely offset the loss of Russian barrels, Europe remains dependent on favourable arbitrage economics to attract supply.

Regional diesel inventories remain relatively low and are expected to decline further in the autumn as agricultural demand increases and refinery maintenance activity accelerates. The transition to winter-grade diesel from October will also increase demand for cold-flow blending components such as kerosine, potentially reducing diesel yields and providing additional support to crack spreads.

MGO values have also been supported by increased flows of crude and refined products from Saudi Arabia through the Suez Canal into the Mediterranean. The introduction of the Mediterranean ECA zone requires vessels operating in the region to consume MGO rather than VLSFO, boosting demand for distillate marine fuels. Any escalation in Houthi attacks could encourage more vessels to divert through the Suez Canal and the Mediterranean, further supporting MGO prices. We expect MGO prices to remain elevated at around $1,200/t over the next months before gradually easing towards the end of the fourth quarter.

B100 discount to MGO widens

B100 advanced fatty acid methyl ester (Fame) dob Netherlands prices widened their discount to MGO delivered ARA, including EU ETS costs for intra-EU voyages, from around $75/t in July to $228/t so far in August. At times during mid-August, B100 traded below the equivalent MGO price even before EU ETS costs were included.

B100 dob Netherlands prices have fallen to an average of $1,285/t so far in August from $1,334/t in July, despite firmer wholesale values. The decline was driven by a sharp rise in Dutch renewable fuel marine tickets (ZRE-Gs), the value of which is typically reflected as a discount in B100 pricing.

ZRE-G prices are expected to remain supported in the fourth quarter as buyers seek to secure compliance credits ahead of a potential shortfall in biofuel supply required under the Netherlands' renewable energy mandate for shipping.

B100 dob Netherlands prices could strengthen in September before resuming a downward trend later in the fourth quarter. While B100 is likely to retain a discount to MGO delivered ARA including EU ETS costs for the remainder of the year, the spread is expected to narrow towards December.

LNG

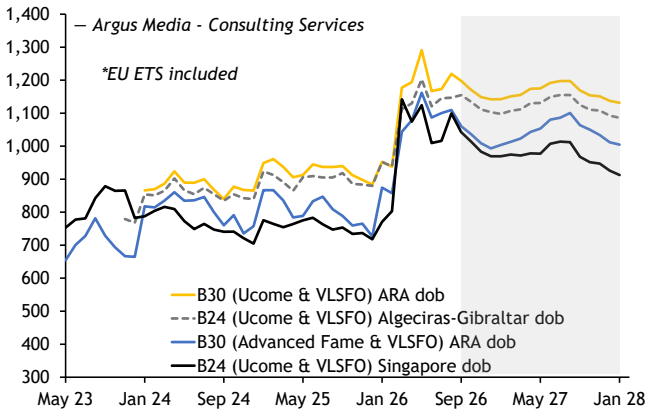
LNG bunker prices to stay supported, upside risk remains

The price of LNG as a marine fuel in northwest Europe rose to $1,026/t MGOe by the end of August, its highest level since January 2023, reflecting a rally at the Dutch TTF gas hub driven by stalled peace talks between the US and Iran. TTF gas prices climbed to around $23/mn Btu from $19/mn Btu earlier this month.

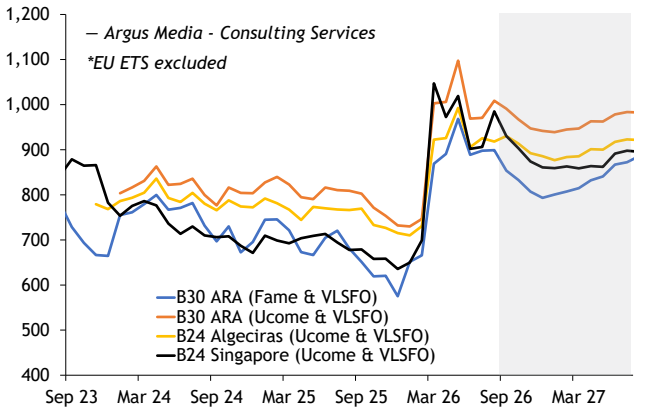
Despite LNG prices reaching a three-and-a-half-year high, demand for LNG as a marine fuel in Europe is expected to remain strong. LNG is projected to retain a discount to MGO, including EU ETS costs, at least through the end of the year under the base-case natural gas price forecast scenario.

In the base-case scenario, LNG exports are assumed to resume through the strait of Hormuz by the start of the fourth quarter, allowing Qatari volumes to return to the market and

Marine biofuels Europe vs Singapore, with EU ETS ***$/t***



Marine biofuels Europe vs Singapore ***$/t***

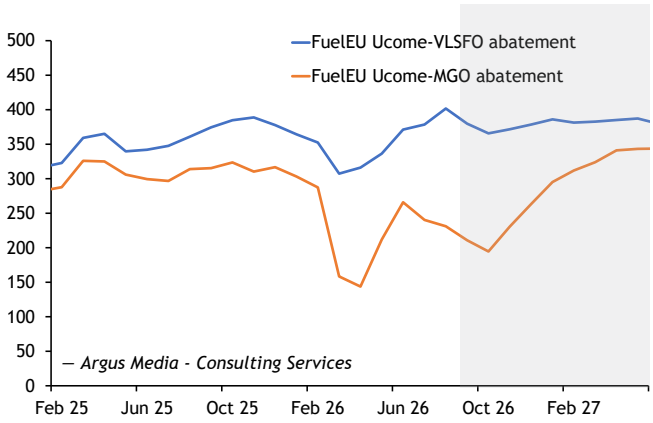


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FuelEU Maritime costs forecast											$/tCO2e
	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	1Q27	2Q27	3Q27	4Q27
FuelEU Ucome-VLSFO abatement	371	379	402	380	366	372	379	383	384	383	387
FuelEU Ucome-MGO abatement	266	240	231	211	195	231	263	310	343	349	346
FuelEU Ucome-VLSFO abatement ex ETS	283	289	309	288	276	282	290	292	290	288	290
FuelEU Ucome-MGO abatement ex ETS	179	152	140	120	105	142	176	220	250	255	251

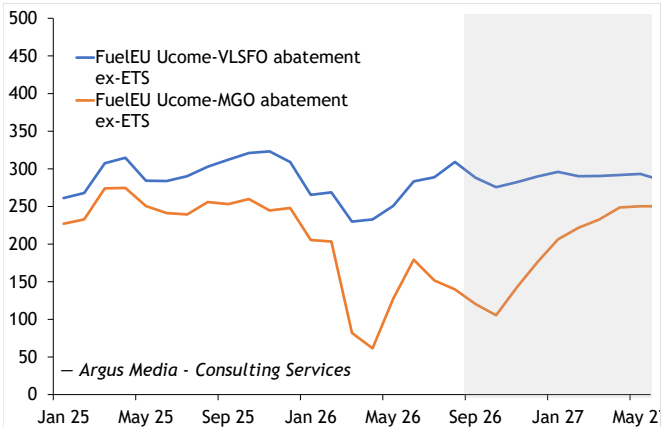
FuelEU abatement prices

$/t CO2e



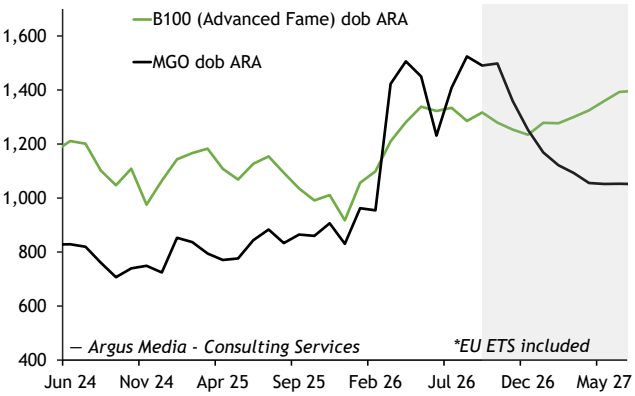
FuelEU abatement prices ex ETS

$/t CO2e



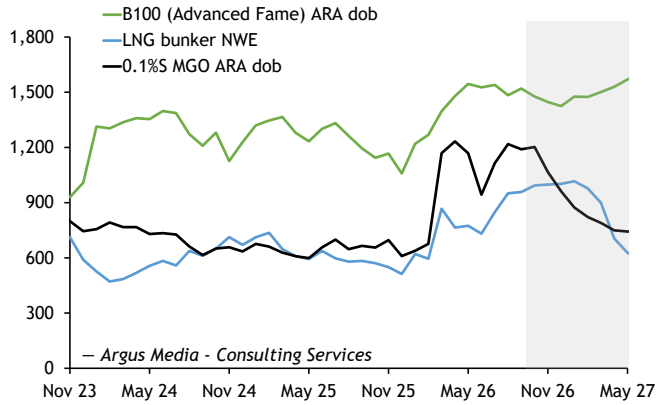
NWE B100 vs MGO

$/t



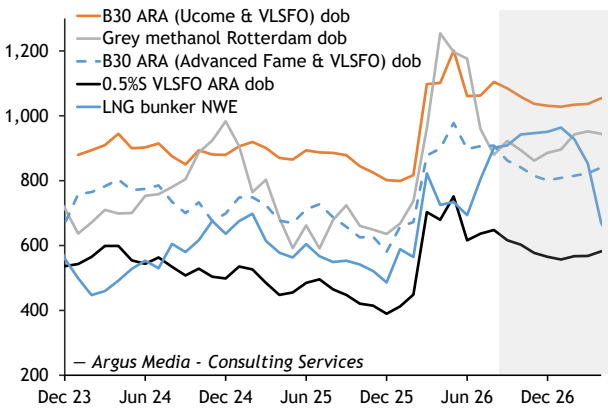
NWE LNG, B100 vs MGO

$/t MGOe



Alternative marine fuels vs VLSFO

$/t VLSFOe



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improving LNG availability ahead of winter. At the same time, weaker LNG demand across Asia, particularly in China, India, Pakistan and Bangladesh, is freeing up additional cargoes for Europe and easing supply concerns. But the market remains heavily reliant on the expected return of Gulf LNG flows.

The main concern for Europe remains storage. Even under the base case, inventories are expected to enter winter well below normal seasonal levels, leaving the market with limited flexibility. While improved LNG availability and softer demand have helped the outlook, Europe is still expected to finish winter with relatively low inventories compared with historical norms. This means the market remains balanced, but only narrowly.

The improvement in the storage outlook is largely driven by weaker Asian LNG demand, stronger LNG availability from autumn onwards and softer European consumption. But Europe remains vulnerable because Norwegian supply is constrained by the extended Ormen Lange outage and LNG imports continue to be the key balancing mechanism for the market.

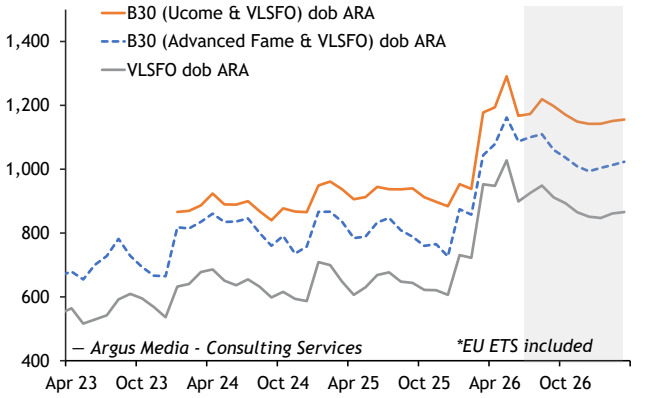
If Gulf LNG exports do not resume until early 2027, the outlook deteriorates materially. In that scenario, European inventories would likely prove insufficient under normal winter conditions, requiring significant demand destruction across Europe and Asia to rebalance the market.

From a pricing perspective, TTF continues to trade primarily on LNG supply risk. Under the base case, prices remain elevated through winter in the approximately $20–21/mn Btu range, supported by low inventories, reduced Norwegian supply and ongoing uncertainty around LNG flows. While weaker residential demand, softer industrial activity and lower Asian LNG imports have improved the outlook, the market remains highly sensitive to supply disruptions. Based on the TTF's trajectory, LNG as a marine fuel in northwest Europe should stay at $900-1,000/t MGOe until the end of the year.

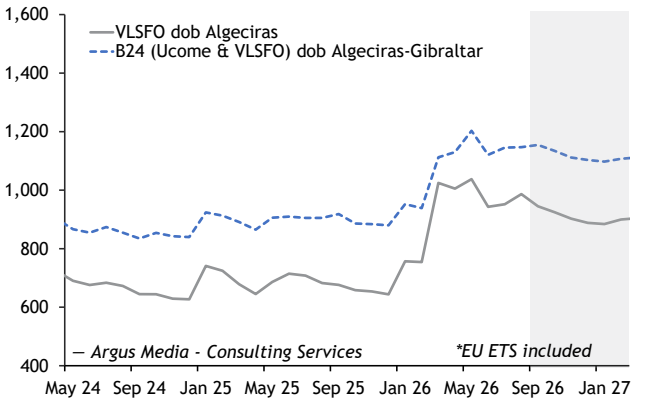
The key upside risk remains Hormuz. If there is still no clear indication by the start of the forth quarter that Gulf LNG exports will resume, TTF could move above $25/mn Btu as the market prices a tighter LNG balance and seeks additional demand destruction through higher coal burn and lower industrial consumption.

Looking beyond winter, the outlook becomes more bearish. Major new LNG projects in the US and Qatar are expected to add significant supply from 2027 onwards, improving global LNG availability and gradually reducing the structural tightness that has characterised both European gas and LNG markets in recent years. Under the forecast, TTF falls from winter levels of roughly $20–21/mn Btu towards $10–11/mn Btu during 2027 as new LNG supply enters the market and balances loosen.

NWE marine biofuels vs conventional fuels *$/t*



Med marine biofuels vs VLSFO *$/t*



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Regulation

Spain's RED III rules could boost marine renewable fuels

Spain's RED III transposition introduces renewable fuel mandates for coastal shipping but stops short of imposing targets on international maritime. Instead, the framework allows renewable fuels supplied to international shipping to contribute to compliance through cross-sector flexibility mechanisms.

Ships calling at Spanish ports must still comply with the FuelEU Maritime regulation and the EU emissions trading system (ETS). But Spain's approach could make bunkering there more attractive than in ports such as those in the Netherlands and Belgium, due to opportunities to trade compliance across transport sectors.

The framework states that, after meeting their renewable fuel sub-targets, entities can use surplus advanced biofuels and biogas supplied to coastal and international shipping to help meet advanced biofuel and biogas targets in road transport, and vice versa, through a cross-sector flexibility mechanism. This is expected to be facilitated through a renewable fuel ticket system, potentially creating additional value for advanced fuels bunkered at Spanish ports.

The commercial impact remains uncertain. Spain's ticket system has been widely criticised for lacking transparency, and further clarification is needed on how compliance trading will operate. The legislation must also receive formal approval from the European Commission.

Spain's approach contrasts with the Netherlands, which introduced dedicated GHG-reduction targets for fuel supplied to international shipping in 2026 and limits trading between maritime and road sectors. Belgium also plans to implement maritime blending targets in January, covering Amsterdam-Rotterdam-Antwerp (ARA), Europe's largest shipping hub.

With major ports such as Algeciras, Valencia and Barcelona, Spain could become an increasingly attractive alternative bunkering hub. Like Germany, it has chosen not to impose additional requirements on international shipping, relying instead on FuelEU Maritime and the EU ETS to drive emissions reductions.

Norway delays FuelEU Maritime implementation to 2028

Norway will not implement the FuelEU Maritime regulation before 1 January 2028, according to the Norwegian Ministry of Climate and Environment.

The ministry said the EU legislation promoting the use of more sustainable fuels in aviation and maritime transport must be assessed alongside other energy and climate regulations. While FuelEU Maritime had been expected to take effect in Norway in 2026, implementation has been delayed pending further clarification between the EU and European Economic Area (EEA) member states.

Until the regulation is incorporated into Norwegian law, ports in Norway and Iceland will be treated as third-country ports under the scheme, meaning only half of voyage emissions will count towards compliance obligations.

FuelEU Maritime requires vessels operating to, from and within EU waters to progressively lower the lifecycle greenhouse gas intensity of their fuel mix, with targets tightening through to 2050. Domestic shipping emissions in Norway will continue to be covered by the EU ETS.

ISO publishes global standard for methanol bunkering

The International Organization for Standardization (ISO) has published ISO 22120:2026, the first international standard covering the bunkering of methanol-fuelled vessels. The standard sets requirements for methanol transfer systems and equipment, and provides a framework for conducting bunkering operations safely as the use of methanol as a marine fuel increases.

The document covers five key areas — transfer systems, operational procedures, risk assessment, safety protection and personnel training. It also includes requirements for equipment used to transfer methanol between shore-based or floating facilities and receiving vessels, as well as emergency shutdown and release systems, safety zones and operational procedures.

The standard addresses a growing need for harmonised guidance as methanol bunkering activity increases alongside the deployment of methanol-fuelled ships. The move was welcomed by the marine fuels sector, which has closely followed methanol's development as a lower-emission fuel option.

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Global bunker fuel demand					000 t
	2024	2025	2026	2027	2028
Conventional fuels					
VLSFO	133,969	124,229	111,352	115,295	114,384
HSFO	57,675	62,691	64,497	69,338	70,674
MGO	74,901	81,023	83,478	83,567	83,433
Total conventional fuels	**266,545**	**267,943**	**259,327**	**268,200**	**268,491**
Alternative fuels					
Ammonia	21	49	96	108	138
LNG	3,080	3,964	4,589	5,512	7,631
LPG	120	139	165	191	201
Methanol	175	373	711	841	883
Bioethanol	4	12	28	44	188
Biodiesel	448	576	684	797	911
Other	59	59	58	59	59
Total alternative fuels	**3,907**	**5,172**	**6,331**	**7,553**	**10,009**
Total fuel demand	**270,453**	**273,115**	**265,658**	**275,752**	**278,500**

Global Demand

Middle East bunker demand loss drives global decline

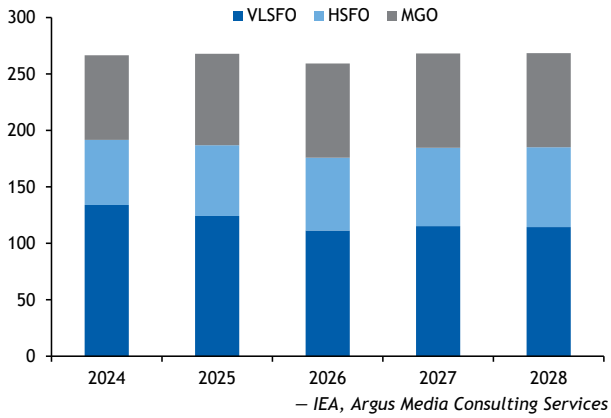
We have updated our view of disruption in the Middle East, reflecting renewed hostilities between the US and the Iran with the chances of prolonged limbo more likely than a peace deal or an extended escalation in hostilities. Although we do see recovery in trade in the region throughout the remainder of 2026, as shippers find work arounds to the blockade of the alternative export routes, we now see disruption continuing into 2027, albeit at a much lower level. But reductions in conventional demand will be largely isolated to the Middle East, as global trade has so far remained resilient, supporting bunker demand outside the region. The seasonally adjusted RWI/ISL container throughput index rose by 1.1 percentage points in June, indicating a continued recovery in global trade following the energy price shock when the war first started.

The impact on conventional bunker demand in the Middle East remains significant — we estimate that the conflict will reduce demand in the region by 12.8mn t compared with our pre-war forecast in 2026. Demand at the port of Fujairah, close to the strait of Hormuz, has been particularly significantly hit, with sales down on average 80pc on the year since the conflict began.

Some demand lost in the Middle East has shifted to other bunkering hubs outside the region, but even so, the impact on global bunker demand is still significant. We estimate global conventional bunker demand will fall by 8.6mn t on the year to 259.3mn t in 2026.

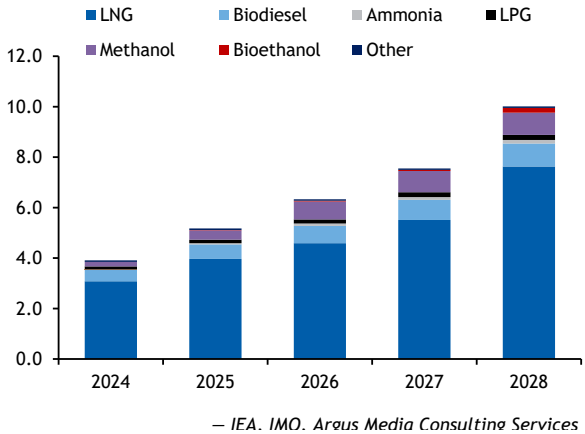
Looking into 2027, we expect disruption to shipping in the strait of Hormuz to be much more limited, with demand in the Middle East down 1.6mn t on our pre-war forecast. Partial recovery in bunkering in the Middle East, supported by rising trade from the region, particularly as crude and refined

Global conventional bunker demand forecast *mn t*



— IEA, Argus Media Consulting Services

Global alternative bunker demand forecast *mn t*



— IEA, IMO, Argus Media Consulting Services

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product flows continue to rise, underpins our expectation of an 8.9mn t rise in global conventional demand to 268.2mn t.

There is some upside risk to our demand profile in 2026, as the Houthi attacks on vessels in the Red Sea could prompt more vessels to divert around the Cape of Good Hope. But for the moment, we have not seen an uptick in transits. In the first 16 days of August, there were 89.6 transit calls a day at the Cape of Good Hope compared with an average of 91.3 for January-June this year, data from PortWatch shows.

Regulation keeps alternative demand growth firm

Global demand for alternative fuels has been more resilient than conventional fuels, reflecting that the key driver of alternative fuel uptake is regulation and that alternative uptake in the Middle East, which has seen the most disruption to bunkering activity, was lagging Europe and Asia. Sales at the Port of Rotterdam of alternative fuels rose by 29pc on the year to 599,900t, data published by the port show, well in excess of conventional demand growth.

Globally, we expect alternative bunker demand to rise by 22pc on the year, to 266,000t. With firm growth continuing into 2027, demand will reach nearly 276,000t, a rise of 19pc on the year.

The key driver of rising demand is an uptick in LNG, which is a popular choice to meet regulation in the short term as supply and bunkering infrastructure is more developed. At both the Port of Rotterdam and the Port of Singapore, LNG demand accounted for 42pc of alternative bunker fuel demand.

But GHG reductions to meet FuelEU Maritime regulations mean fossil LNG could no longer be sufficient to comply from around 2030. Bio LNG and renewable synthetic LNG (eLNG) will then be favoured due to the greater GHG savings, with demand for these fuels already rising, although volumes remain very small. But this is enough to drive investment in infrastructure to supply these fuels at European ports. Belgian terminal operator Fluxys has recently launched a market consultation on a proposal to introduce eLNG for bunkering and truck loading at its 11.4mn t/yr Zeebrugge terminal. Fluxys is aiming to introduce eLNG through the terminal's recondenser liquefaction service "from the end of 2026". The firm will then look to introduce a virtual liquefaction service.

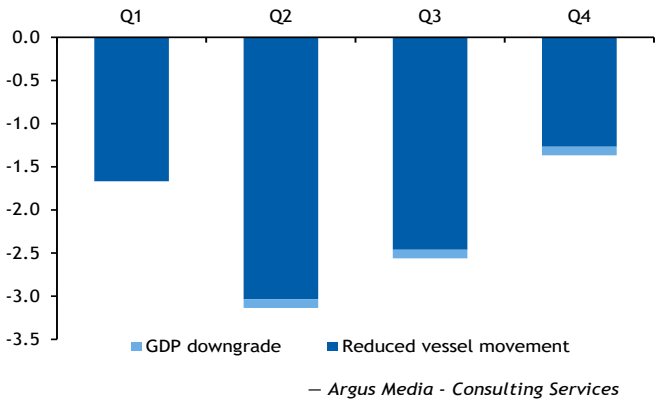
Europe bunker fuel demand					mn t
	2024	2025	2026	2027	2028
VLSFO	28.6	20.4	17.2	16.1	14.8
HSFO	8.1	9.8	10.7	11.5	12.2
MGO	17.6	22.9	25.0	24.7	24.5
Total	**54.3**	**53.1**	**53.0**	**52.3**	**51.5**

Demand

European bunker demand remains flat

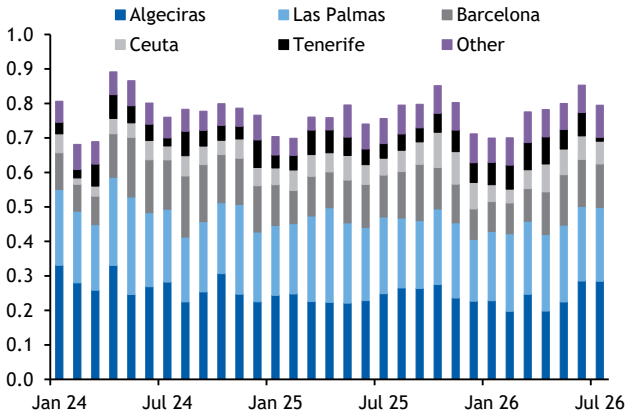
Demand for conventional fuels in Europe is expected to remain largely flat in 2026, falling by just 0.1mn t to 53.0mn t. A shift of bunker demand away from the Middle East as vessels avoid the region where possible and longer trade routes of refined products than previous years is largely outweighing the impact of rising alternative bunker demand and sluggish economic growth in the region on international goods trade. In June, recovery in the North Range container throughput Index, a leading indicator of economic development in the northern Eurozone, underperformed the global index. The North Range index grew by 0.4pts to 121.5pts, a rise of 3.5pts on the year. Whereas the global index rose 1.1pts to 143.1pts, which is up 9.3ppts on the year.

Strait of Hourmuz blockade bunker demand loss *mn t*



— *Argus Media - Consulting Services*

Spain marine fuel sales *mn t*



— *Spanish Ministry of Transport and Sustainable Mobility*

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Shifting bunker demand boosts Spanish sales

Marine fuels supplied, a proxy for bunker demand, continued to be firm in July. Supplied marine fuels rose by 5pc on the year to 795,000t, data published by the Spanish Ministry of Transport shows. Sales in Spain are being supported by a shift in bunker demand away from the Middle East as vessels avoid bunkering in the region. Firm demand in July followed a particularly strong June, when sales reached a more-than-two-year high of 853,000t.

The port of Algeciras had firm demand in July, with supplied marine fuels rising 15pc on the year to 284,600t. But Spanish ports in the Canary Islands had much weaker demand with sales in Las Palmas falling 4pc on the year to 213,600t and in Tenerife supplied fuels fell by 73pc on the year to 11,300t. While we expect demand to stay firm as hostilities in the Middle East continue, we are likely to see some softening of demand in the autumn months as demand from cruise ships drops.

Renewable fuel mandates on coastal shipping, following the transposition of RED III, could support a rise in demand for bio-blended bunker fuels. A "flexibility mechanism" could allow excess advanced biofuel and biogas, after compliance with renewable fuel sub-targets have been met, to be traded towards equivalent targets in road transport and vice -versa using a ticket system. The profit from trading these tickets could bring net costs of bunkering with advanced biofuels in Spain beyond sub-targets below the cost for conventional bunker fuels, offering a further boost to demand for bio-blended fuels.

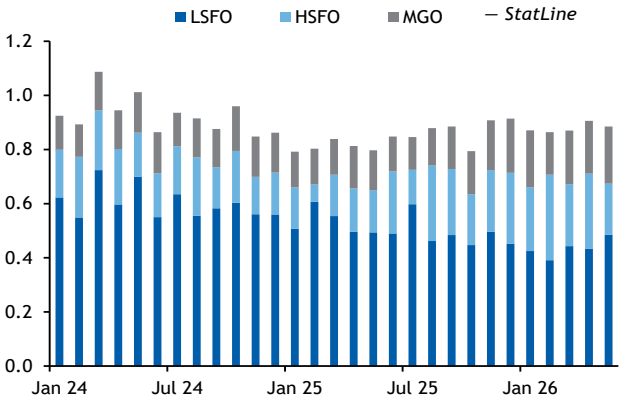
Netherlands bunker demand rises in June

In the Netherlands, supplied marine fuels, a proxy for demand, continued to be firm, with total supplied fuels rising 11pc on the year to 885,000t, data from Statline shows. The firm uptick was driven by increased demand for LSFO, up 12pc on the year to 485,000t. Meanwhile, demand for HSFO was down 32pc on the year to 189,000t. MGO demand rose 8pc on the year to 211,000t.

Exmar expands LNG bunkering infrastructure

Recent investment in LNG bunkering infrastructure highlights growing confidence in LNG as a marine fuel. Belgium-based shipping infrastructure company Exmar plans to convert its 146,000m³ LNG carrier *Simaisma* into a floating transshipment unit (FTU) dedicated to the LNG bunkering market. An FTU acts as a floating LNG hub, receiving large LNG cargoes from carriers and redistributing smaller volumes to bunker vessels and barges that supply LNG-fuelled ships.

Netherlands supplied bunker fuel *mn t*



The conversion is designed to improve efficiency within the LNG bunkering supply chain. LNG bunker vessels typically have limited cargo capacities and are often unable to receive large LNG cargoes directly. By storing larger volumes and distributing them in smaller parcels, an FTU can reduce logistical costs and help avoid the premium often associated with purchasing LNG in smaller cargo sizes.

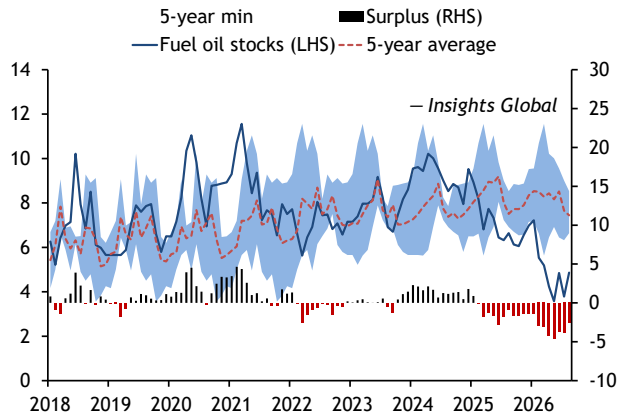
Exmar's investment suggests expectations for continued growth in LNG-fuelled shipping. More efficient bunkering infrastructure could make LNG a more attractive marine fuel by lowering supply costs and improving availability. As a result, the shipping sector could become an increasingly important source of LNG demand.

Supply

ARA fuel oil stocks up on robust imports

Independently held fuel oil inventories in the ARA region fell to 3.8mn bl by the end of July, down from 4.8mn bl a month earlier, before recovering to 4.9mn bl by 20 August, according to Insights Global data. The stockbuild in August so far has been supported by strong fuel oil imports.

ARA fuel oil stocks *mn bl*



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Preliminary Vortexa data show arrivals into ARA rose to almost 340,000 b/d during 1-25 August, up by 170,000 b/d on the month and 150,000 b/d on the year. HSFO cargoes from Latin America continue to enter the northwest European market, with Venezuelan supply rising to 40,000 b/d during 1-25 August from 17,000 b/d in July. Similarly, the ARA region's intake of Colombian HSFO has held steady at 17,000 b/d since June.

While transatlantic flows remained strong, high freight rates for dirty tankers from the Mediterranean to east Asia have likely continued to limit eastbound flows of VLSFO from Europe. European VLSFO exports to Asia, mainly Singapore and Malaysia, have risen by 35,000 b/d on the month to almost 80,000 b/d so far in August, supported by robust Asian demand, but remain around 30,000 b/d lower on the year. This has likely prompted more supplies to stay within the region, although seasonal maintenance works and continued prioritisation of middle distillates production are expected to weigh on regional output in the coming months.

ARA gasoil stocks up on weak demand, reduced barges

Gasoil stocks in the ARA region also recovered to 12.4mn bl by 20 August from 10.6mn bl at the end of July, according to Insights Global data. Despite the rebound, inventories remain around 2.7mn bl below the five-year average. Gasoil and diesel imports into ARA rose by 20,000 b/d on the month to 165,000 b/d during 1-25 August, but remained below the seasonal norm of 250,000 b/d. Weak demand, pressured by record prices, and low Rhine water levels have likely contributed to the stockbuild.

European gasoil demand remains weak as structural decline has been compounded by price-driven demand destruction. Northwest European diesel crack spreads have risen since early July, after the US-Iran ceasefire collapsed, reaching a record of more than $90/bl by around mid-August from $47/bl in June. Buyers have responded quickly to the sharp increase in cracks and prices, as they did after the March price spike. Weekly *Argus* MDX data show German wholesale heating oil and diesel volumes have fallen by more than 50pc and 15pc on the year, respectively, since early July.

In addition to weak demand, low Rhine water levels have restricted barge flows from ARA to inland markets. Water levels at Kaub, the key bottleneck on the upper Rhine, fell below the critical 30cm threshold in late July and remained low until recently. This prevented most inland vessels from passing Kaub, while those able to transit had to reduce cargo sizes to limit draught. But as southern and western Germany remain relatively tight on gasoil and diesel, the recent improvement in Rhine water levels has already supported a recovery in barge flows to Germany.

Refinery output to remain low as maintenance starts

European refinery runs are expected to fall by more than 400,000 b/d on the month to 13.75mn b/d in September as autumn maintenance gradually begins. But turnarounds are likely to be limited this year because of exceptionally strong refining margins. FCC margins in northwest Europe have held above $30/bl since July, supported by robust middle distillates cracks. These margins should support regional runs towards year-end, although some crude stock draws may be needed.

But high refinery runs are unlikely to translate into stronger fuel oil output because the same middle distillates tightness supporting margins has encouraged refiners to maximise diesel and jet fuel yields at the expense of fuel oil. Regional fuel oil output is expected to remain low at around 1.2mn b/d in September, nearly 150,000 b/d lower on the year. But as refiners maximise crude throughput ahead of autumn maintenance, higher VGO supply could increase the availability of blendstocks for VLSFO production in the region.

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Asia-Pacific

Asia-Pacific bunker forecast											$/t
	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	1Q27	2Q27	3Q27	4Q27
Crude price forecast											
Dubai	570	559	624	626	603	588	565	582	599	603	582
Conventional											
Fob Singapore											
3.5%S HSFO 380cst	518	497	578	559	516	490	465	468	490	499	459
0.5%S VLSFO	654	669	740	668	642	609	591	577	584	593	540
Dob Singapore											
3.5%S HSFO 380cst	531	529	629	594	537	515	491	487	509	519	481
0.1%S MGO	995	1,092	1,193	1,184	1,184	1,096	992	824	738	748	734
0.5%S VLSFO	684	702	788	682	657	626	608	588	596	606	555
Alternative											
Dob											
B24 Singapore (Ucome & VLSFO)	902	906	985	930	903	874	861	860	872	881	823
$/t VLSFOe											
B24 Singapore (Ucome & VLSFO)	920	925	985	929	901	872	858	857	870	879	820
Grey methanol southeast Asia	1,133	948	981	1,054	1,027	1,001	981	999	994	956	933
LNG bunker Singapore	683	776	857	824	854	856	860	829	529	455	483
$/t MGOe											
B24 Singapore (Ucome & VLSFO)	978	983	1,046	987	958	926	912	911	924	934	871
Grey methanol southeast Asia	1,204	1,007	1,042	1,082	1,054	1,027	1,007	1,026	1,020	982	958
Asia-Pacific bunker marker											
Grey ammonia cfr east Asia $/t VLSFOe	1,840	1,553	1,347	1,313	1,347	1,347	1,290	1,126	973	913	1,032
Grey ammonia cfr east Asia $/t MGOe	1,889	1,594	1,382	1,348	1,382	1,382	1,325	1,156	998	937	1,060

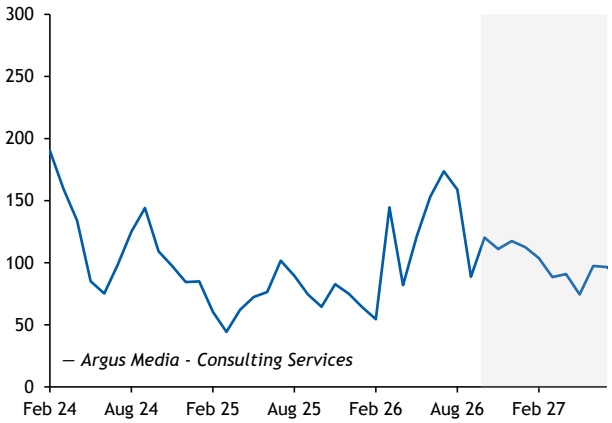
Prices

Conventional fuels

Tight blendstock supply drives Singapore VLSFO cracks

Delivered VLSFO cracks in Singapore rose firmly in August, up by $20.7/t on July to average $165.9/t. Consistent with HSFO, constrained refinery runs — due to the blockade on the strait of Hormuz — and high secondary unit runs are limiting fuel oil supply in the region. Lower fuel oil yields are being intensified by shifts to a lighter crude slate, as lighter crudes such as US WTI are replacing medium-heavy barrels from the Mideast Gulf. While refinery runs are rising incrementally month on month, which will add some fuel oil supply, we see crude oil exports from the Middle East staying limited through the rest of 2026, so fuel oil supply will remain down on the year.

Singapore VLSFO-HSFO spread *$/t*



Tight fuel oil and feedstock availability is being compounded not just by reduced flows of Russian fuel oil, particularly influential in HSFO markets, but also reduced availability of Russian VGO. While exports of VGO from Russia improved compared with July in August, they fell by around 70pc on the year to 33,000 b/d, according to Vortexa data. This is increasing competition for components that could go into the VLSFO blending pool, subsequently pushing up prices for finished fuel oil. With Russian refinery runs expected to remain low into 2027, we do not expect availability of Russian VGO to improve significantly.

Competition for Dar blend crude from refiners is also reducing fuel oil blendstock. Dar blend is a preferred blendstock in the VLSFO pool, but there have been no arrivals in Singapore so far in August, according to Vortexa data. With increased clean product export quotas and strong export margins, we expect China to continue to compete for Sudanese crude,

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There has been some relief for prices in Singapore as bunker demand there has been drawn away to China, where VLSFO has been offered at a discount to Singapore. Quotas for clean product exports from China were close to zero in April, May and June, leaving bonded bunker sales as one of the few available export options for Chinese refiners, and fuel oil production subsequently rose. Bunker sales at the port of Zhoushan were up 10pc on the year from April to June. But with a change to clean product export policy in July ,we expect fuel oil availability at Chinese ports to drop, pushing up prices and pushing demand back to the Port of Singapore.

Bunker sales at the Port of Singapore exceeded 4.7mn t in July, the highest level since the US-Iran conflict began, data from the Maritime and Port Authority show. Although we expect bunker demand in Singapore to continue to rise, high prices could discourage some shippers. While bunker demand at the port of Singapore has been weak since the US-Iran conflict began, it has been firm across the wider region, supported by longer trade routes for crude and refined products and resilient global merchandise trade.

LSSR from Dangote Refinery has been providing some relief to the tight fuel oil market and feedstock markets in Singapore. Although maintenance work was thought to be completed on the RFFC unit in July, issues appear to be persisting and LSSR exports have remained firm in August, averaging about 100,000 b/d over 1-26 August. Assuming the RFCC continues to run below capacity, LSSR exports should remain firm in the short term. Supply will also be added by increasing exports of LSSR from Malaysia, and continued delays to the start-up of Balikpapan Refinery's RFCC unit will also maintain LSSR exports from Indonesia. This should help to ease acute tightness in low-sulphur components weighing on VLSFO prices.

Russian export losses support Singapore HSFO cracks

Unlike other regions, HSFO cracks in Singapore rose for the fifth consecutive month in August, flipping into a premium to Dubai crude of $7.0/t. Fuel oil balances in the region have remained tight since the outbreak of the US-Iran war. Refinery runs have been constrained by limited crude availability, while the regional crude slate has become lighter. At the same time, refiners have maximised secondary unit utilisation, increasing demand for feedstocks that would otherwise have been directed into the fuel oil blending pool.

But now a drop in Russian fuel oil exports, which fell to just 505,000 b/d in July — the lowest level since at least 2016, and have remained at similar levels in August, according to Vortexa data — has tightened fuel oil availability even further. Around half of Russian fuel oil exports went to Asia in 2025, and falling exports leave suppliers scrambling for alternative sources. Low fuel oil exports are a result of sharp drops in fuel oil production in Russia following Ukrainian drone attacks on refineries.

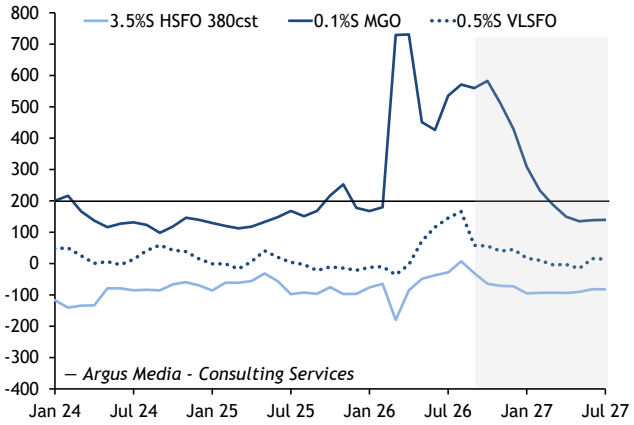
With Ukrainian attacks continuing, and repairs to refineries being slow, we think it is unlikely that fuel oil supply in Russia will rise significantly in the short term. Some refineries that have been struck multiple times may be reluctant to carry out speedy repairs while the risk of further attacks remains high, even if they can source the necessary spare parts. We estimate that Russian fuel oil production will average 456,000 b/d in the third quarter of 2026, down more than 300,000 b/d on the year. We do expect some recovery in the fourth quarter, to 553,000 b/d, but there is downside risk even to this as further damage to refineries is likely. As a result, we see fuel oil exports from Russia staying weak through the rest of 2026.

There is coming relief for tight supply in Asia, as the summer cooling season ends in the Middle East, with demand for fuel oil from power generation starting to fall in September. But there is some risk to this as the war between the US and Iran continues the blockade on commercial traffic in the strait of Hormuz, likely limiting outflows of fuel oil. But a recently agreed framework between Iran and Oman for a temporary shipping route through the strait could allow flows to rise more significantly. Even a small uptick in flows from the Middle East to Singapore will support a softening of cracks in the coming months, although they will still stay supported above typical seasonal levels.

Tight middle distillates keep Singapore MGO elevated

MGO prices have remained extremely strong in August reflecting the strength in the global middle distillates complex.

Singapore bunker cracks vs Dubai crude *$/t*



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MGO cracks rose by $35.9/t to a $571.2/t premium to Dubai crude. While tight supply is the primary driver of the extremely elevated prices, recovering bunker demand in Singapore is also adding some strength. MGO sales at the Port of Singapore rose for the third consecutive month to 360,000t, data published by the port shows.

Easing Chinese restrictions on diesel exports will increase regional supply, which would apply some downwards pressure to MGO crack spreads. Chinese diesel exports jumped to over 350,000 b/d in August so far, the highest since March 2024, and strong export margins will incentivise refiners to maximise run rates and exports in the coming months, assuming supplies remain ample.

But even with increasing supply from China, globally tight supply of middle distillates, will keep middle distillate and therefore MGO cracks supported. Product flows through the strait of Hormuz remain constrained due to Iranian attacks on commercial shipping, with little hope of a deal between the US and Iran to end the war in the short term.

Alternative fuels

Biofuels

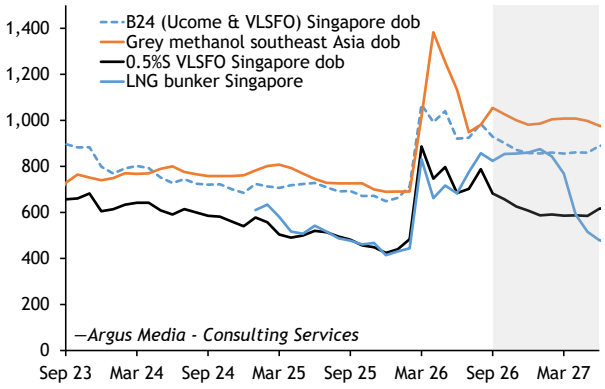
Singapore B24 Ucome–VLSFO price to track VLSFO falls

B24 Ucome–VLSFO blend prices in Singapore rose to an average of $985/t in August from $906/t in July, largely driven by strength in the conventional fuel oil market. VLSFO fob Singapore prices increased to $740/t from $669/t a month earlier as supply tightness persisted, particularly because of a shortage of blending components, while biodiesel prices weakened. Although biodiesel values may find some support in the near term, expected softening in Singapore VLSFO prices could ease B24 bunker blend prices through the remainder of the year.

Ucome fob China prices averaged $1,180/t in August, compared with $1,194/t in July. The rally in European biodiesel markets has not translated to Asia, with the spread between Ucome fob ARA and fob China widening to around $551/t in August from $444/t in July, the highest level this year, compared with $268/t in January.

Within the region, softer bio-bunkering demand and a slower uptake of marine biodiesel weighed on sentiment through late June and July, leaving the market without a clear directional driver while spot liquidity remained thin. More recent indications suggest conditions stabilised in August, supported by firmer feedstock costs and renewed regional buying interest.

Alternative marine fuels vs VLSFO *$/t VLSFOe*



LNG

LNG bunker prices in Singapore remain supported

LNG bunker prices in Singapore rose to around $857/t VLSFOe in August from $776/t VLSFOe in July, largely tracking gains in cargo LNG prices. Asian spot LNG prices eased later in the month after discussions between Iran and Oman on 25 August renewed optimism over a potential reopening of a safe shipping route through the strait of Hormuz. But if disruptions to Mideast Gulf LNG exports persist, prices may need to rise further to encourage additional demand restraint across Asia.

In the base-case scenario, LNG exports are assumed to resume through the strait of Hormuz at the start of the fourth quarter, allowing Qatari volumes to return to the market and improving LNG availability ahead of winter. LNG bunker prices in Singapore are expected to average around $850-860/t VLSFOe in the fourth quarter before gradually easing in the first quarter.

Asian LNG imports rebounded in July, led by stronger purchases from China, South Korea and Thailand, but the broader outlook remains subdued. The recent increase appears more reflective of short-term buying activity than a return to strong underlying demand growth.

Chinese LNG imports recovered in July, reversing the weakness seen after the disruption caused by the US-Iran conflict. At the same time, gas demand from China's industrial sector appears to be softening, with weaker output across several gas-intensive industries. A weaker industrial out-

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look and higher gas prices are expected to weigh on LNG demand. But expanding storage capacity may continue to support imports by absorbing excess volumes despite softer industrial consumption.

Japanese gas burn fell in July, while coal-fired generation remained slightly below expectations and lower year on year. But coal-fired plant availability is expected to increase over the remainder of the year, which could further displace gas-fired generation and weigh on LNG demand.

Demand

Resilient international trade drives Asian bunker demand

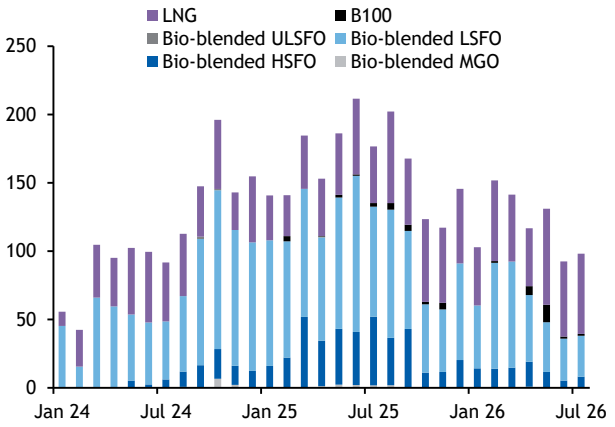
Even as demand has been weak at the Port of Singapore, wider regional demand has been firm in Asia, supported by resilient international trade, particularly AI-related, and a shift of bunker demand away from the Middle East. Reduced crude imports, and subsequent drops in intra-region flows of refined products, as refinery runs have been constrained by crude supplies, have weighed on conventional bunker demand from tankers. But this has been somewhat counteracted by longer trade routes, such as lost crude from the Mideast Gulf being replaced by US crude. Overall, we expect bunker demand in Asia to grow firmly in 2026, up 2.3mn t to 138.8mn t.

Moving into 2027, we expect demand for conventional bunker fuels to drop by 1.3mn t to 137.5mn t. But this reflects shippers increasingly returning to bunkering in the Middle East as opposed to fundamental weakness in regional demand in Asia.

There is also some downwards pressure on conventional demand from increasing penetration of alternative fuels. But uptake of alternatives has slowed following the delay to the vote on the IMO net zero framework. The delay to the vote had no change on current regulation, but it stunted momentum in the transition to alternatives, as there was less clarity on future regulation and timelines. Demand at the Port of Singapore in the first half of 2025 for alternative marine fuels grew by more than 100pc on the year, whereas it fell by 27pc on the year in the same period in 2026.

Asia-Pacific bunker fuel demand					*mn t*
	2024	**2025**	**2026**	**2027**	**2028**
VLSFO	66.5	65.5	64.7	62.4	61.6
HSFO	35.9	38.1	41.2	41.9	42.0
MGO	32.4	32.9	32.9	33.2	33.1
Total	**134.8**	**136.5**	**138.8**	**137.5**	**136.8**

Singapore alternative marine fuel sales *'000t*



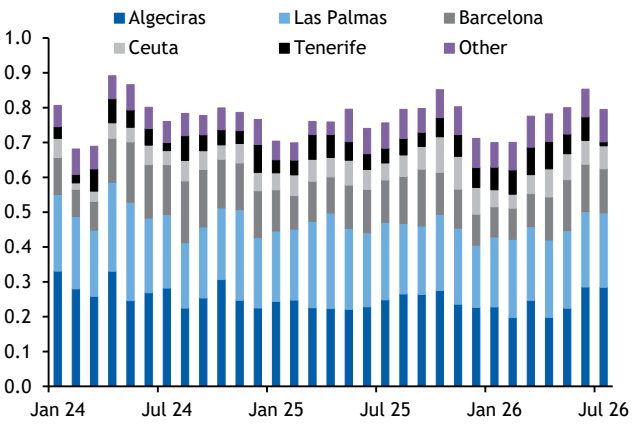
— Maritime & Port Authority of Singapore

Singapore bunker sales recovery continues

Bunker sales at the Port of Singapore continued to recover in July, rising to a four-month high of 4.73mn t, according to data published by the Maritime and Port Authority. This was still down 4pc on the year. Tight availability of marine fuel in Singapore has been pushing up prices, dissuading shippers from bunkering at the port. This has been exacerbated by competitive pricing in China. Tighter availability of fuel oil at Chinese ports should push up prices and demand at the Port of Singapore will continue to recover. But tight availability of fuel oil, and subsequent price rises, could limit the demand recovery.

The month-on-month rise in demand in July was driven by conventional fuels. VLSFO sales were up 6pc on the month to 2.33mn t, countering weak demand for HSFO. HSFO sales fell by 4pc on the month to 1.95mn t.

Singapore bunker sales *mn t*



— Spanish Ministry of Transport and Sustainable Mobility

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Mixed alternative demand at Singapore

Demand for alternative fuels was mixed in July. While there was a month-on-month increase in sales to 39,500t, it was a sharp drop on the year of more than 70pc. But LNG demand remained firm, with demand rising on both the month and year to 58,700t.

LNG demand growth is supported by a growing fleet of LNG-fuelled vessels, with DNV data showing that the global fleet of LNG-fuelled vessels will grow by 17pc in 2026 to 1,174. LNG growth will remain firm in Singapore into 2027, as shippers are continuing to invest in LNG-fuelled vessels, with the fleet expected to grow by 18pc and 21pc in 2027 and 2028, respectively. The growing fleet will be supported by growing LNG bunkering capacity, with the MPA recently issuing eight licences, valid for five years from 1 September 2026. The FuelEU Maritime pooling mechanism is incentivising investment in alternative-fuelled vessels even for operation outside of Europe, as it allows compliance at a fleet level rather than on a vessel-by-vessel basis.

China's state-controlled CNOOC has begun using the 174,000m³ LNG carrier *Greenergy River*, the first vessel in a six-ship programme supporting the company's LNG import portfolio. Built by China's Hudong-Zhonghua Shipbuilding and delivered through a partnership led by NYK Line, *Greenergy River* is equipped with a dual-fuel engine, enabling it to operate on either conventional fuel oil or LNG boil-off gas generated during transportation. This improves fuel efficiency and reduces emissions compared with traditional LNG carriers.

The vessel is the first of six scheduled for delivery between 2026 and 2027, and reflects growing investment in modern, lower-emission LNG shipping. It also highlights CNOOC's continued commitment to securing long-term LNG transportation capacity as China remains a major LNG importer.

Chinese bunker sales drop on lower fuel oil availability

Tightening availability of fuel oil in China, as Chinese refiners increasingly prioritise the production of transport fuels, is weighing on bunker demand at Chinese ports. Bunker volumes at the ports of Shanghai and Zhoushan fell to the lowest level since before the US-Iran conflict. Sales at Zhoushan fell by 6pc on the month to 692,000t and Shanghai sales were down 5pc on the month to 389,400t, data published by the ports show.

Tight government restrictions on clean product exports in April, May and June saw increasing fuel oil availability at Chinese ports, as VLSFO exports were permitted through bonded bunkering channels. But increases to clean product export quotas in July and August are shifting refiners' focus back to transport fuel production, tightening fuel oil supply. Provided China continues to issue clean product export quotas, marine fuel sales in China are likely to stay below the highs seen in recent months.

Japan to subsidise low-emission ships

Japan has opened applications for a subsidy scheme to support shippers installing hydrogen, ammonia, methanol and battery propulsion systems. The ¥15.1bn ($95mn) scheme over five years appears to be targeted at newbuild vessels, encouraging ship owners to place orders. This will help to drive the growth of alternative-fuelled vessels, supporting continued growth for alternatives demand.

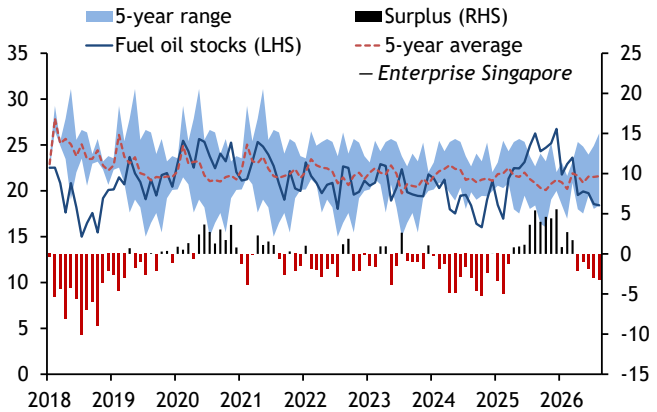
Supply

Singapore stocks supported by robust imports for now

Singapore fuel oil stocks slipped slightly to 18.4mn bl by 19 August from 18.5mn bl at the end of July, Enterprise Singapore data show. Inventories have remained broadly stable, supported by robust imports. Vortexa data show Singapore's fuel oil arrivals have averaged just under 900,000 b/d since June. Although below the typical 1mn b/d level, this marks a recovery from the recent low of just over 700,000 b/d in May.

As Russian exports to Singapore have fallen to just over 50,000 b/d since July because of refinery outages, the city state has turned to alternative suppliers, including Latin America, preliminary Vortexa data suggest. Russian fuel oil exports, mostly HSFO, have dropped sharply in recent months as outages have reduced refinery output. Continued

Singapore fuel oil stocks ***mn bl***



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Ukrainian drone strikes since June have taken around 2mn b/d of Russian CDU capacity off line, prompting Moscow to impose export bans on gasoline and diesel. Fuel oil is exempt from these restrictions, but lower refinery output has still reduced export availability. We expect Russian fuel oil output to average around 450,000 b/d in the third quarter, down from more than 750,000 b/d a year earlier.

Shipments from Latin America, mainly Brazilian LSFO and Venezuelan HSFO, are expected to rise to more than 210,000 b/d in August, the highest since March 2025, according to Vortexa data. Brazilian LSFO imports have remained strong since the US-Iran conflict began, rising from just 80,000 b/d in April to almost 160,000 b/d in August. This has helped Singapore offset Middle Eastern volumes largely lost because of the strait of Hormuz closure. The brief US-Iran ceasefire from late June to early July allowed previously stranded tankers to move, temporarily improving vessel traffic and lifting fuel oil imports from the Middle East to 150,000 b/d in July, only 50,000 b/d lower on the year. But imports have dropped to less than 40,000 b/d so far in August after the ceasefire collapsed and Iran closed the strait again.

Asian refinery runs recover on feedstock availability

Asian refinery runs are expected to continue recovering through the rest of the year, averaging 28.57mn b/d in the third quarter and 30mn b/d in the fourth, as crude availability improves for regional refiners, although runs remain lower on the year. China's National Bureau of Statistics data show refinery runs edged up by 0.3pc on the month to 12.5mn b/d in July, and we expect Chinese runs to rise further on higher crude imports and attractive export margins. South Korean refinery runs also increased by almost 300,000 b/d on the month to 2.74mn b/d in July, the highest since the Middle East war began, according to KMOS, but remained 200,000 b/d lower on the year.

The recovery is supported by improved crude supply availability, including from the Middle East. Middle Eastern crude exports continue to recover despite ongoing disruption to strait of Hormuz transit, with ship-to-ship transfers increasingly helping to sustain Gulf exports. This workaround has likely lifted Asian refiners' imports of Middle Eastern crude from inside the strait to more than 10mn b/d since July, up from just 7.5mn b/d in the second quarter, although still below the typical 14mn-15mn b/d range. Some refiners in the region, particularly in Japan and South Korea, have also increased purchases of US WTI.

Recovering refinery runs should gradually lift regional fuel oil output to 1.6mn b/d in the fourth quarter, but supply is likely to remain below normal because runs are not expected to return near to typical levels until the end of the first quarter of 2027. Elevated middle distillates cracks will also continue to encourage refiners targeting export margins to prioritise diesel and jet fuel output over fuel oil production.

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Americas

North America bunker forecast											$/t
	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	1Q27	2Q27	3Q27	4Q27
Crude price forecast											
WTI Houston	642	623	650	645	633	615	601	601	618	626	606
Conventional											
Fob Houston											
3.5%S HSFO 380cst	471	439	435	440	440	425	405	420	441	459	417
0.5%S VLSFO	622	641	676	643	622	592	580	572	567	587	543
Dob Houston											
3.5%S HSFO 380cst	571	513	472	467	467	460	433	426	442	475	447
0.1%S MGO	1020	1225	1340	1317	1303	1184	1086	934	859	861	848
0.5%S VLSFO	667	667	677	668	635	587	575	567	563	582	540
Alternative											
Dob US Gulf coast											
$/t VLSFOe											
Grey methanol	1059	919	870	964	932	902	889	758	936	879	834
$/t MGOe											
Grey methanol	1124	977	924	1037	1002	970	956	815	1007	945	897
North America bunker marker											
Grey ammonia fob Caribbean $/t VLSFOe	1670	1436	1366	1332	1366	1412	1366	1278	1106	914	987
Grey ammonia fob Caribbean $/t MGOe	1796	1544	1469	1432	1469	1518	1469	1374	1189	983	1062

Prices

Conventional fuels

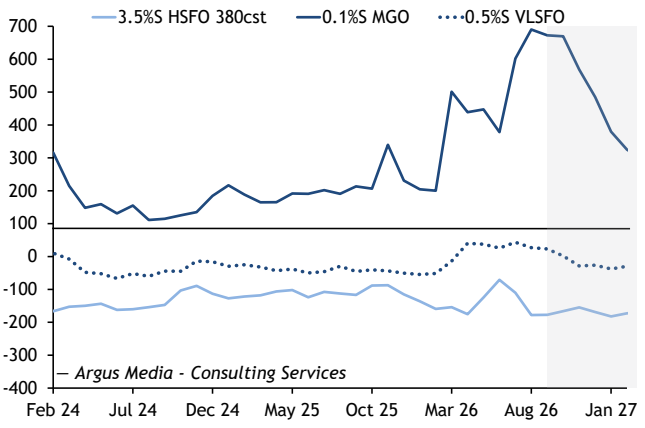
USGC VLSFO cracks soften but remain above norms

Delivered VLSFO cracks on the US Gulf coast fell by $16.3/bl in August to average a $27.0/bl premium to crude. Despite cracks softening on the month, they remain very elevated compared with historical norms, reflecting globally tight availability of low-sulphur blendstock. Demand from refiners for VGO and LSSR is keeping the fuel oil blending pool tight and limiting availability of finished VLSFO. We see cracks continuing to soften in September but remaining above seasonal norms.

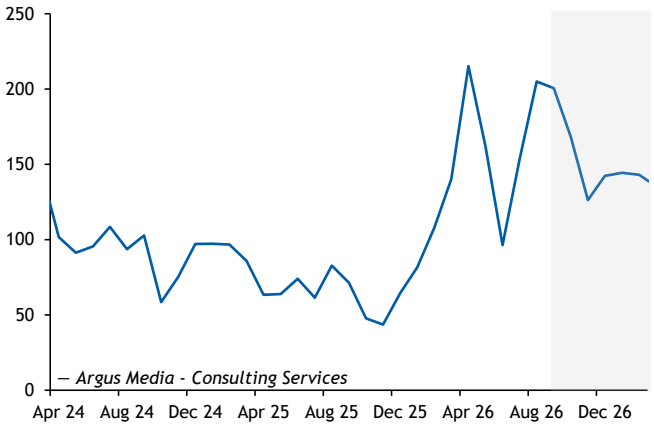
Stocks of fuel oil continued to drawdown in the first half of the month, falling to 20.7mn bl on 14 August, more than 20pc below the five-year average, EIA data shows, demonstrating the continued tightness in the market even as prices soften.

Export demand for fuel oil has been particularly firm in the first half of August, averaging 164,000 b/d over 1-14 August, EIA shows, more than 30pc up on the July average and the August 2025 average. But we expect to see some softening of exports, particularly from Europe, in the coming months. VGO supply is lengthening in Europe, allowing more to enter the blending pool and improving supply of finished VLSFO.

USGC bunker cracks vs WTI Houston $/t



VLSFO-HSFO Houston ex-wharf spread $/t



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Total exports of crude and refined products will still remain high, with global balances tight, which will continue to support bunker demand for VLSFO and keep prices elevated.

Heavy crude imports weigh on USGC HSFO cracks

US Gulf coast ex-wharf HSFO fell by $67.8/t to a $177.8/t premium to WTI crude in August. Domestic fuel oil production in the US has risen in August, keeping the market well supplied and pressuring prices. Supply averaged 328,000 b/d over 1-14 August, a rise of 7pc on the July average, data from the EIA shows. This is supported by the US crude slate becoming heavier, particularly as imports of crudes from Mexico, Venezuela and Canada remain firm. Imports of heavy crudes continued to be high in August, averaging around 1.4mn b/d, according to preliminary Vortexa data. Imports of heavy crudes have been above 1.2mn b/d since May. Heavy crude oil imports average 1mn b/d in 2025.

High fuel oil yields have helped to maintain fuel oil supply in the US even as refiners prioritise transport fuel production to capitalise on high refining margins, keeping downwards pressure on HSFO cracks. Steady arrivals of Venezuelan fuel oil are helping to abate tight feedstock demand from refiners, as run rates at secondary units remain high. But arrivals of Venezuelan fuel oil have dropped in August compared with the record highs of 120,000 b/d reached in August, data from Vortexa shows. HSFO cracks are expected to soften in September, in line with a softer global HSFO complex as demand for fuel oil from power generation starts to wane as the summer cooling season comes to an end.

There is increasing competition for Venezuelan crude, with cargoes loading for Europe and east of Suez rising in August by around 80,000 b/d on the month to more than 300,000 b/d over 1-26 August, preliminary Vortexa data shows. Infrastructure in Venezuela is struggling to meet rising crude exports, with loading delays of up to 30 days, which is limiting increases in exports even as production could meet high levels of demand. Increased competition for Venezuelan barrels will limit volumes available to the US, weighing on fuel oil yields and giving some upside risk to our forecast.

Bunker demand in the region has been firm, supported by strong crude and product exports, and international merchandise trade continuing to remain resilient. There has been some additional support from tight bunker availability in Singapore, shifting demand to other regions. But tightness in Singapore should ease as fuel oil availability improves. This would result in some softening in bunker demand, placing downwards pressure on HSFO prices.

Demand

Americas conventional demand rises

Americas bunker demand is more insulated from the impact of the US-Iran conflict. But firm crude and refined products exports — as crude production and refinery runs have been maximised to capitalise on high prices — has added to bunker demand, especially as trade flows have also extended.

Although US tariff policy has been less volatile than in 2025, it continues to be a theme in 2026 — US-Canada trade negotiations recently collapsed and US import tariffs remain high — but international trade has continued to be robust, with the AI boom a key contributor. This is supporting bunker demand not only at US ports but across the wider region. There has also been some shift of bunker demand from other regions, reflecting very tight availability at other major bunkering hubs, particularly Singapore. As a result, we see firm growth for conventional bunker demand in the Americas in 2026, rising by 1.6mn t to 39.2mn t.

Moving into 2027, we expect a return to more normal bunker demand. Improving supply of crude and refined products from the Middle East should help to ease structural tightness in fuel oil supply across global bunkering hubs, particularly Singapore, and trade flows of both crude and refined should start to return to pre-war norms. As a result, we see a drop in demand in the region of 0.5mn t to 38.7mn t.

US drags net zero framework development

Uptake of alternative fuel in the Americas is more limited than in other regions. The US' cautious stance to regulation accelerating the uptake of alternative marine fuels is one of the factors slowing the development of global regulations intended to support them. US opposition to key elements of the IMO's Net-Zero Framework (NZF) was a key driver in the delay to the vote on the NZF. But the US has recently signalled a more accommodative stance towards a revised NZF. Federal Maritime Commission chairman Laura DiBella indicated the US could

Americas bunker fuel demand					*mn t*
	2024	**2025**	**2026**	**2027**	**2028**
VLSFO	16.8	16.7	17.4	16.6	16.5
HSFO	5.5	5.9	6.6	6.7	6.7
MGO	14.8	15.0	15.2	15.3	15.3
Total	**37.0**	**37.6**	**39.2**	**38.7**	**38.6**

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back a framework that recognises LNG and bio-LNG as qualifying fuels, provided it prioritises commercially viable, scalable and widely available alternatives. The comments suggest Washington may seek amendments to the framework rather than oppose it outright, reducing regulatory uncertainty for alternative-fuelled shipping. This would support longer-term demand for alternative fuels, in particular LNG and bio-LNG.

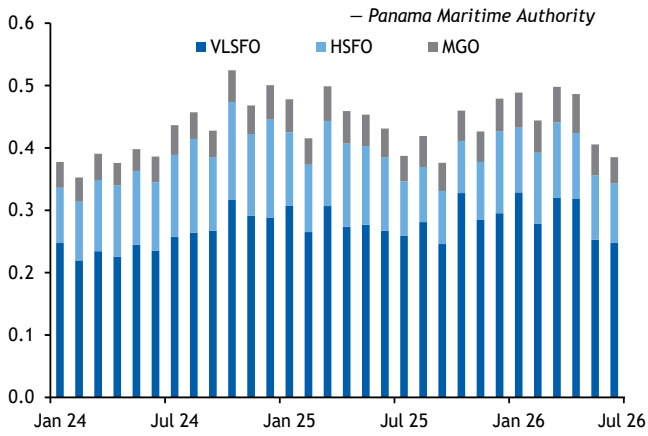
Panama sales benefit from tight Singapore availability

Bunker sales in Panama were particularly robust in July, with total sales rising by more than 10pc on the month and year to 428,000t, data from the Panama Canal Authority shows. The rise was supported by tight fuel oil availability in Singapore, which has shifted demand to other global hubs, including Panama. HSFO sales rose most strongly, up 22pc on the year to 106,000t. VLSFO sales rose by 7pc on the year to 277,600t and MGO sales were up 9pc to 44,400t.

While sales were strong in July, we do not expect this to be maintained throughout the remainder of 2026. Improvements in marine fuel availability in Singapore will draw demand away from Panama. But more pressingly, caps on vessel transits from the beginning of September have been announced, with the drop in transits expected to translate to bunker sales. While caps on transits are initially minimal, to 34/d from 3 September compared with the typical 36-38/d, the cap is already set to drop to 32/d on 15 September.

The rainy season has started, but precipitation levels have been below average level, prompting the transit caps. May-August rainfall was 34pc below the historical average. Daily transits are still well above the low of 22/d seen in 2023, but if below-average precipitation persists ahead of the next dry season, vessel transits could be cut further.

Panama bunker sales *mn t*



LNG bunkering activity gathers pace in Galveston

Galveston continues to emerge as a US Gulf coast LNG bunkering hub, with Mexico-based Enestas partnering with Power LNG to develop the Project Seawolf LNG liquefaction and marine bunkering facility. The partnership will enable LNG distribution via truck before the terminal is completed, targeting marine, industrial and export customers across the Gulf coast, Latin America and the Caribbean.

The announcement follows growing LNG bunkering activity at the port by Stabilis Solutions, which has completed 97 bunkering operations and delivered more than 150,000m^3. Stabilis also secured a 10-year LNG supply agreement with Carnival and is developing an LNG facility in Galveston, expected to start operations in the third quarter of 2028 and supply LNG to Galveston and Houston by barge. The projects underscore increasing investment in LNG marine fuel infrastructure and support expectations of steady regional demand growth.

Supply

US stocks fall on robust demand

US residual fuel oil inventories fell to 20.7mn bl by 14 August from 21.4mn bl at the end of July, according to weekly EIA data. Despite the decline, stocks remain higher on the year. A rebound in domestic deliveries, a proxy for consumption, alongside lower imports in the first two weeks of August, likely contributed to the modest draw.

A steady increase in heavy sour crude intake, particularly from Venezuela, has likely reduced Gulf Coast refiners' appetite for fuel oil as refinery feedstock. US heavy sour crude imports rose from just over 900,000 b/d in January to nearly 1.5mn b/d in July, before easing to 1.4mn b/d so far in August, preliminary Vortexa data show. The increase was driven mainly by Venezuelan flows to the Gulf coast, which rose from 200,000 b/d to more than 600,000 b/d over the period.

Weaker US import demand has already redirected some Venezuelan fuel oil exports to new outlets in Europe and Asia-Pacific. Mexican supplies may also need to find alternative outlets as recent Pemex data point to higher fuel oil output. Pemex data show refinery output remained above 1.1mn b/d in June, while fuel oil output rose to more than 220,000 b/d, the highest since October.

US refinery runs are expected to remain robust at more than 16mn b/d over the next two months, supported by high refining margins and a relatively light maintenance schedule. But continued prioritisation of middle distillates will weigh on fuel oil yields. We expect fuel oil output to average around 250,000 b/d in the fourth quarter, slightly below last year's level.

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Middle East

Middle East bunker forecast											$/t
	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	1Q27	2Q27	3Q27	4Q27
Crude price forecast											
Dubai	570	559	624	626	603	588	565	582	599	603	582
Conventional											
Fob Fujairah											
3.5%S HSFO 380cst	521	482	532	525	490	464	437	453	478	483	441
0.5%S VLSFO	885	705	770	719	650	626	635	603	614	621	572
Dob Fujairah											
3.5%S HSFO 380cst	596	546	614	586	535	512	488	498	523	531	492
0.1%S MGO	1433	1304	1357	1316	1265	1201	1094	887	803	812	799
0.5%S VLSFO	1123	742	799	758	682	658	667	622	629	633	585
Middle East bunker marker											
Grey ammonia Middle East fob $/t VLSFOe	1731	1387	1205	1227	1261	1261	1205	1032	886	826	946
Grey ammonia Middle East fob $/t MGOe	1783	1428	1241	1264	1299	1299	1241	1063	912	850	974

Prices

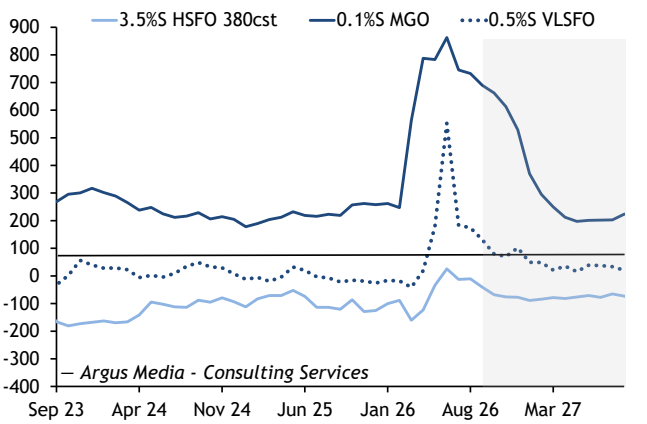
Conventional fuels

Restricted Hormuz flows keep Fujairah VLSFO elevated

Delivered VLSFO cracks have remained strong in Fujairah but still softened on the month by $9.4/t to a $174.3/t premium to Dubai crude. Supply of fuel oil remains very tight in Fujairah, keeping delivered prices elevated even as bunker demand is muted by geopolitical tension.

Bunker fuel availability remains tight at the port of Fujairah. While arrivals did pick up in July to around 50,000 b/d, this will still well below pre-war norms, Vortexa data shows. The majority of fuel oil supply at Fujairah is from the Mideast Gulf and has essentially been cut off from the port since the start of the US-Iran war. Flows of fuel oil through the strait of Hormuz rose during the ceasefire that started on 17 June, allowing a temporary rise in supply through the strait. But following the breakdown of the deal in early July, flows dropped again with initial data for August suggesting imports have dropped to around 20,000 b/d, pushing up both VLSFO and HSFO cracks. The first cargo of fuel oil exported from Saudi Arabia via the strait of Hormuz in August reached Fujairah on 20 August, according to Vortexa data, offering some suppliers relief. But sustained increases in supply are unlikely as suppliers at the port continue to struggle to replace barrels from the Mideast Gulf, which will keep prices firm.

Fujairah bunker crack spreads vs Dubai crude *$/t*



Supply risks also remain in the wider region. Jizan refinery was attacked by Houthi rebels on 25 July and 9 August. The extent of the damage has not been confirmed, but there have been no exports of fuel oil in either July or August. Around 25,000 b/d of fuel oil was exported in the first half of the year.

Fuel oil shortages keep Fujairah HSFO supported

Delivered HSFO in Fujairah has risen in August, rising by $2.0/t to average a $10.52/t discount to Dubai crude. We expect HSFO cracks to soften in the coming months, underpinned by increasing regional fuel oil supply. As the summer cooling season comes to an end, demand for fuel oil for power generation will fall.

Demand for power generation has maintained tight HSFO availability in August. Damage to an Egyptian LNG terminal constraining gas availability has pushed Egyptian fuel oil imports to rise above 150,000 b/d, a more-than-one-year high, to maintain required levels of power generation. Regional demand should ease from September, but continued

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constrained traffic through the strait of Hormuz will likely limit the recovery in Gulf supply.

Bunker demand remains weak at the port of Fujairah and across the wider region. Where possible, commercial vessels are avoiding bunkering in the region due to the level of risk and high insurance costs, with vessel attacks by Iran in the strait of Hormuz and the Houthis in the Red Sea. Remaining bunker demand is from vessels already in the region for product flows, particularly around Red Sea ports.

In Fujairah, supply is so limited that even this level of demand cannot be easily met. The month-on-month rise in HSFO sales at the port of 66pc to 66,800t is due to increased fuel availability as opposed to an uptick in demand. Demand dynamics at Fujairah port will remain tightly linked to developments around the strait of Hormuz, and will not return to pre-war levels while geopolitical risk in the region remains high.

Demand

Fujairah sales improve on increased supply

Bunker sales at Fujairah improved in July, rising by 167pc on the month to 218,300t, the highest since the Iran conflict began. But sales remained extremely low at what was the fourth-biggest bunkering hub in the world in 2025, with July sales down more than 60pc on the year.

Demand has been very weak at the port since the US-Iran war began, with its position close to the mouth of the strait of Hormuz meaning vessels have avoided it. But since the conflict began, Fujairah has struggled to provide adequate supply for even that low level of demand. Prior to the war, Fujairah received the majority of its fuel oil supply from the Mideast Gulf. In 2025, 58pc of its fuel oil imports passed through the strait of Hormuz, and it has since struggled to secure alternative supplies. The improvement in sales in July reflects an increase in volumes of fuel oil passing through the strait of Hormuz, in the window of reduced hostilities before the ceasefire agreement between Israel and Iran broke down. With lower imports of fuel oil in August to the port, we do not expect bunker sales to continue to recover.

Sales of VLSFO, HSFO and MGO were all down by more than 60pc on the year. But the biggest month-on-month step-up in demand was for VLSFO, which rose by nearly 300pc to 138,000t. HSFO sales were 66,800t and MGO sales were 13,500t.

Supply

Fuel oil exports remain low on Hormuz disruption

Middle Eastern fuel oil exports rose by 150,000 b/d on the month to an estimated 500,000 b/d during 1-25 August, preliminary Vortexa data show. Despite the increase, regional exports remained more than 300,000 b/d lower on the year. The monthly gain was driven mainly by higher Iraqi exports via Syria and increased Fujairah loadings, neither of which require transit through the strait of Hormuz.

Regional fuel oil exports typically rebound after summer as seasonal power-generation demand eases and more volumes become available for export. But with the strait of Hormuz still largely closed, most Gulf refiners will continue to face constraints on product exports, including fuel oil, with Iraq the key exception. Owing to quality concerns, Iraqi exports via Syria have mostly bypassed Mediterranean refiners and moved instead to northwest Europe as bunker-fuel blendstock.

In our base case, traffic through Hormuz recovers gradually through the end of the first quarter of 2027. While this key export route remains disrupted, regional refinery runs are expected to recover only modestly, staying below 9mn b/d in the fourth quarter. The disruption will also continue to limit crude availability for Asian refiners, weighing on refinery operations.

This impact has been partly offset by alternative crude pipelines, including Saudi Arabia's East-West pipeline and the UAE's Adcop pipeline, which we expect to remain in use after the war ends. Regional governments have also discussed, and in some cases reportedly studied, expanding alternative export routes to reduce future dependence on Hormuz.

The recently surfaced Iran-Oman framework, which is still under development, may have raised hopes for reopening the strait of Hormuz through joint management of vessel traffic. But recent developments, including Iranian sanctions on vessels that do not first co-ordinate with Iranian authorities before attempting to transit the strait of Hormuz, signal Tehran's continued insistence on maintaining control of the strait.

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