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Argus Marine Fuels Outlook

Global conventional and alternative marine fuels



Overview

In the conventional bunker market, delivered HSFO prices fell in September on higher supply. But HSFO cracks are poised to strengthen as global market fundamentals could find support from the prospect of reduced Russian fuel oil output. Delivered VLSFO crack spreads in Europe and Asia have been on a downtrend due to the oversupplied market. But VLSFO demand in Singapore showed signs of recovery following a subdued July. Softer prices could continue to stimulate bunker demand, offering some support to delivered VLSFO cracks in Singapore and consequently in Europe.

In the ARA hub, the MGO and VLSFO price spread widened in September to the highest since February 2024. MGO is expected to remain relatively tight as the overall gasoil market continues to face limited supply availability during autumn maintenance and lower refining capacity in Russia.

In the European biobunker market, Ucome-based bunker biofuel values remained stable in September. But prices could rise in 2026 due to proposed regulatory changes in the Netherlands and Belgium. A key emerging factor for biobunker prices in the ARA region is the growing regulatory divergence between FuelEU Maritime rules and national implementations of RED III in Belgium and the Netherlands. This regulatory constraint could drive higher biobunker prices in ARA. B24 dob Singapore prices also held steady in September. Strong growth in demand for bio-blended fuels continued, nearly doubling on the year in August.

Key bunker prices, dob

	Jul 25	Aug 25	Sep 25mtd	Oct 25f	Nov 25f
3.5%S fuel oil (HSFO) 380cst					***$/t***
Rotterdam	435	411	389	401	386
Singapore	412	406	404	419	406
Houston	423	396	386	389	372
Fujairah	398	387	379	393	382
0.1%S (MGO)					***$/t***
Rotterdam	699	647	660	670	658
Singapore	678	649	666	664	667
Houston	732	699	722	731	717
Fujairah	727	723	724	721	724
0.5%S (VLSFO)					***$/t***
Rotterdam	496	465	449	446	443
Singapore	514	495	481	479	473
Houston	484	478	467	462	459
Fujairah	508	493	484	465	462
Marine biofuel					***$/t***
B30 ARA (Fame Advanced & VLSFO)	720	681	657	658	663
B30 ARA (Ucome & VLSFO)	810	809	804	794	787
B100 ARA (Fame Advanced)	1154	1094	1044	1062	1084
B24 Singapore (Ucome & VLSFO)	695	678	679	669	660
B24 Algeciras-Gibraltar (Ucome & VLSFO)	768	766	769	746	740
Grey methanol					***$/t VLSFOe***
Methanol Rotterdam	591	678	722	605	598
Methanol southeast Asia	729	726	726	721	743
Methanol US Gulf coast	615	673	673	677	670
LNG					***$/t VLSFOe***
LNG NWE bunker	567	549	551	584	603
Bunker marker					
Grey ammonia					***$/t VLSFOe***
Ammonia cfr NWE	1145	1267	1306	1339	1373
Ammonia cfr east Asia	812	843	887	931	965
Ammonia fob Caribbean	912	1054	1148	1171	1205
Ammonia fob Middle East	700	718	766	788	822

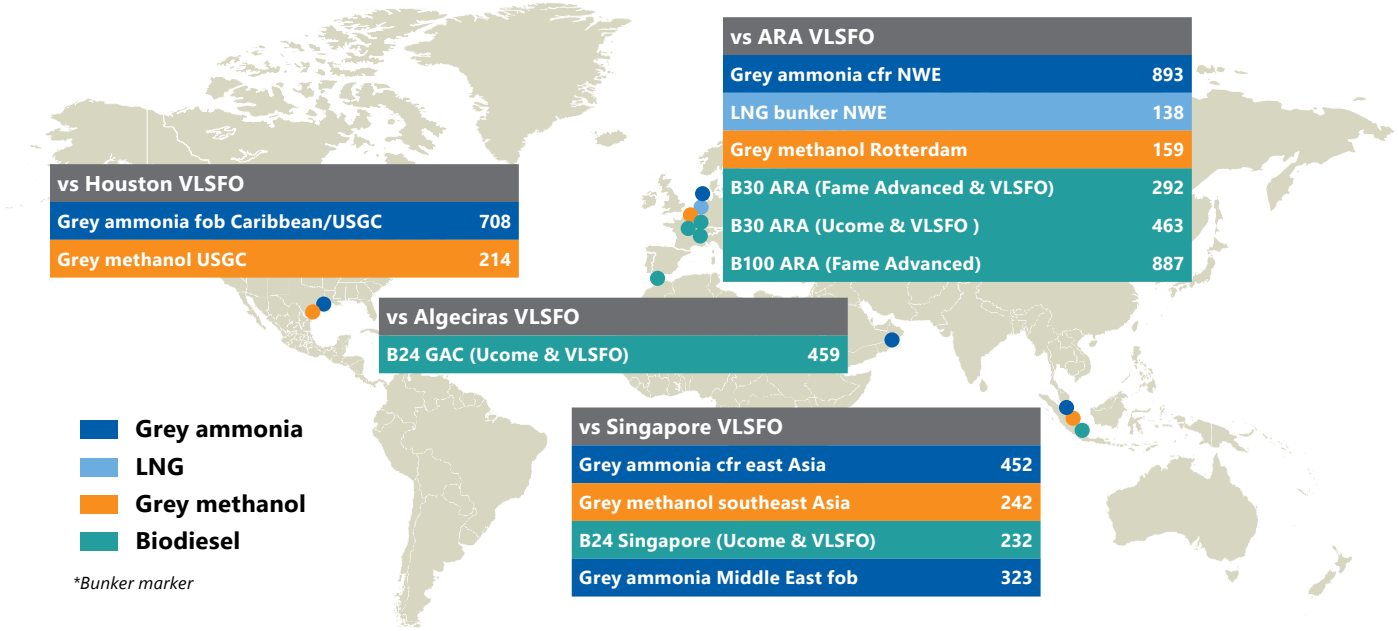
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Alternative marine fuel vs VLSFO next month forecast

$/t VLSFO-equivalent



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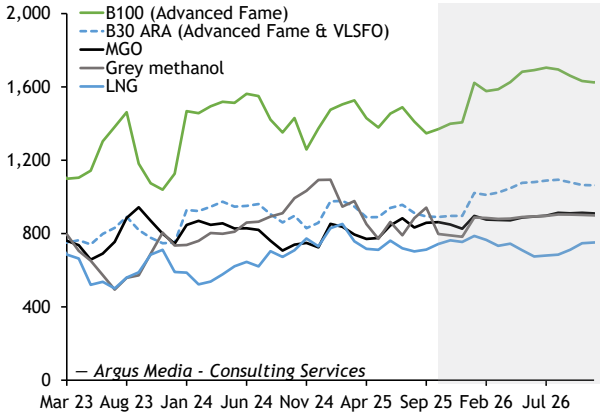
EUROPE

European bunker forecast											$/t
	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	1Q26	2Q26	3Q26	4Q26
Crude price forecast											
North Sea Dated	534	514	506	505	497	489	489	497	525	536	521
Conventional											
Fob NWE											
3.5%S HSFO 380cst	428	400	381	391	376	364	358	364	401	410	387
0.1%S MGO	698	653	669	666	650	628	613	599	599	614	594
0.5%S VLSFO	488	457	441	438	435	431	431	437	469	481	461
Dob											
3.5%S HSFO 380cst Rotterdam	435	411	389	401	386	374	368	374	411	422	394
0.1%S MGO ARA	699	647	660	670	658	635	616	601	596	612	600
0.1% fuel oil Rotterdam	624	609	625	635	622	600	581	566	561	577	565
0.5%S VLSFO ARA	496	465	449	446	443	439	439	445	477	489	469
3.5%S HSFO 380cst Algeciras	471	454	430	439	435	422	416	419	455	458	443
0.1% MGO Algeciras	754	703	730	729	718	695	675	662	646	657	651
0.5%S VLSFO Algeciras	527	500	482	478	480	475	474	478	506	513	496
Alternative											
Dob											
B30 ARA (Fame Advanced & VLSFO)	720	681	657	658	663	662	712	710	749	762	735
B30 ARA (Ucome & VLSFO)	810	809	804	794	787	789	823	820	840	851	827
B100 ARA (Fame Advanced)	1154	1094	1044	1062	1084	1090	1257	1236	1292	1307	1265
B24 Algeciras-Gibraltar (Ucome & VLSFO)	768	766	769	746	740	740	765	764	787	799	776
$/t VLSFOe											
B30 ARA (Fame Advanced & VLSFO)	808	763	736	738	744	744	807	803	846	861	831
B30 ARA (Ucome & VLSFO)	936	918	917	909	900	903	902	898	918	928	898
B100 ARA (Fame Advanced)	1449	1373	1311	1333	1362	1369	1579	1553	1622	1642	1588
B24 Algeciras-Gibraltar (Ucome & VLSFO)	840	839	842	937	929	930	961	960	988	1003	975
Grey methanol Rotterdam	591	678	722	605	598	590	614	610	607	614	601
LNG bunker NWE	567	549	551	584	603	595	570	546	492	471	519
$/t MGOe											
B30 ARA (Fame Advanced & VLSFO)	830	784	756	759	765	764	829	825	870	884	853
B30 ARA (Ucome & VLSFO)	961	943	943	934	925	928	927	923	943	954	923
B100 ARA (Fame Advanced)	1489	1411	1347	1370	1399	1407	1623	1595	1667	1687	1632
B24 Algeciras-Gibraltar (Ucome & VLSFO)	886	884	888	963	954	955	987	986	1015	1031	1002
Grey methanol Rotterdam	623	715	762	622	614	607	630	626	624	631	618
LNG NWE bunker	598	579	581	616	636	627	601	575	518	497	547
European bunker marker											
Grey ammonia cfr NWE $/t VLSFOe	1145	1267	1306	1339	1373	1272	1172	1123	1008	1019	1075
Grey ammonia cfr NWE $/t MGOe	1176	1301	1341	1376	1410	1307	1204	1154	1036	1047	1105

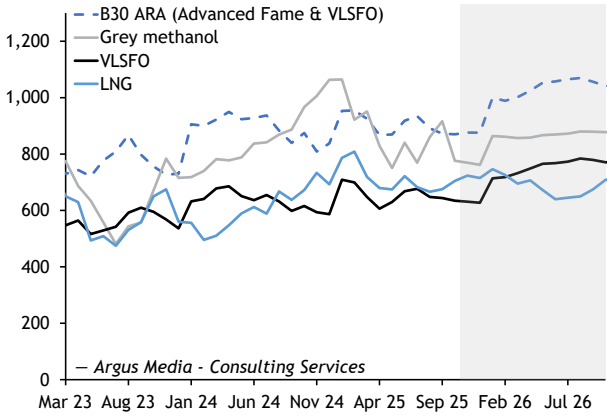
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European bunker forecast with EU ETS CO2 added combustion cost	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	4Q25	1Q26	2Q26	3Q26
Conventional including CO^2 cost									
0.1%S MGO ARA	883	833	859	862	849	846	882	884	907
0.5% fuel oil Rotterdam	677	648	644	634	631	631	721	761	779
Alternative including CO^2 cost									
B30 ARA (Fame Advanced & VLSFO)	847	809	794	790	794	792	903	947	965
B30 ARA (Ucome & VLSFO)	937	937	940	926	918	921	1014	1039	1053
B24 Algeciras-Gibraltar (Ucome & VLSFO)	905	905	917	889	883	885	974	1002	1019
$/t VLSFOe									
B30 ARA (Fame Advanced & VLSFO)	934	891	872	870	876	874	997	1045	1064
B30 ARA (Ucome & VLSFO)	1062	1046	1054	1041	1032	1036	1092	1116	1131
B24 Algeciras-Gibraltar (Ucome & VLSFO)	978	978	990	1080	1072	1075	1170	1203	1223
Grey methanol Rotterdam	769	860	916	776	769	769	861	865	877
LNG bunker NWE	683	666	675	705	724	715	722	673	656
$/t MGOe									
B30 ARA (Fame Advanced & VLSFO)	957	912	893	890	897	894	1019	1068	1087
B30 ARA (Ucome & VLSFO)	973	932	920	1066	1057	1061	1116	1141	1157
B24 Algeciras-Gibraltar (Ucome & VLSFO)	1023	1023	1036	1106	1097	1101	1196	1230	1251
Grey methanol Rotterdam	790	884	942	798	790	790	884	889	901
LNG NWE bunker	720	702	712	743	763	753	762	710	692

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

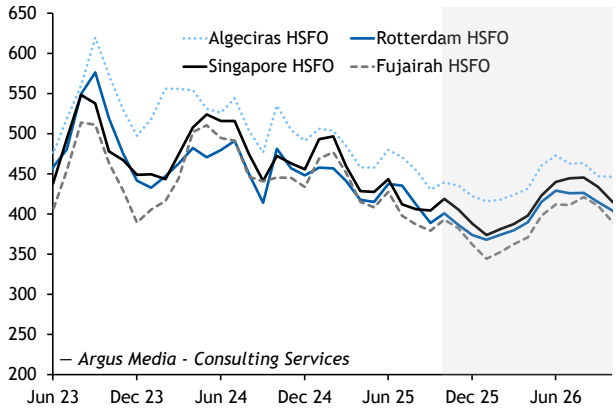


European bunker forecast with EU ETS CO2 added combustion cost ***$/t VLSFOe***

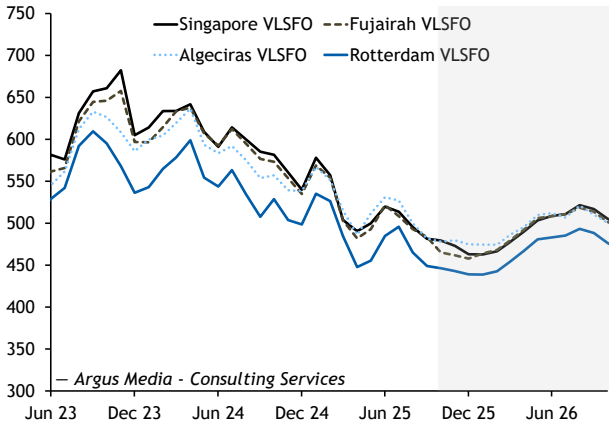


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HSFO price forecast, dob $/t



VLSFO price forecast, dob $/t



Prices

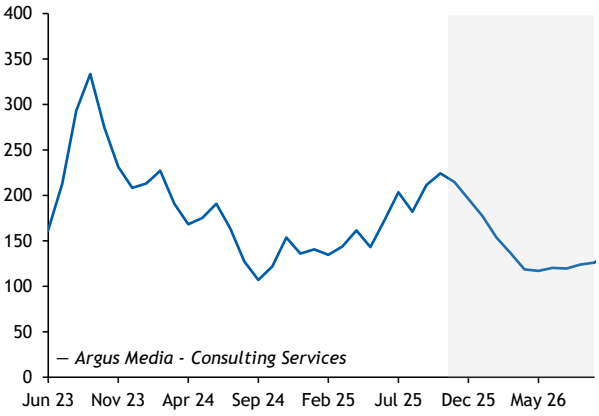
Conventional fuels

HSFO cracks poised to strengthen

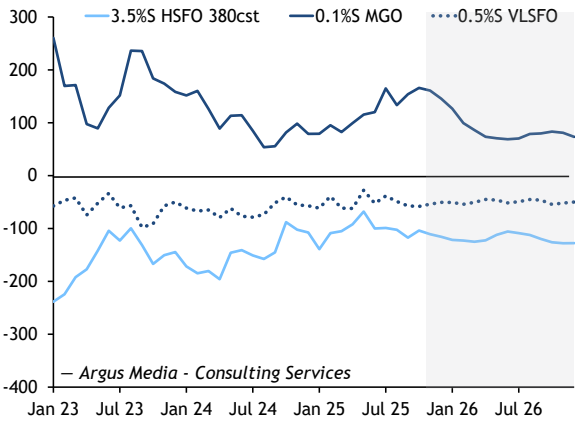
Delivered high-sulphur fuel oil (HSFO) cracks widened to a $117/t discount to North Sea Dated in the first half of September, compared with a $102/t discount in August, driven by increased supply. But this trend is expected to reverse, with cracks likely to strengthen at the start of the fourth quarter due to a potential decline in Russian exports.

Weak bunker demand in northwest Europe, coupled with abundant HSFO availability in the Amsterdam-Rotterdam-Antwerp (ARA) hub, resulted in softer refining margins in early September. Additionally, demand for power-generation fuel oil from Middle Eastern countries was notably weaker this summer compared with 2024, easing pressure on the global fuel oil market. This was further compounded by anticipated output growth from Mediterranean countries. The restart of Motor Oil Hellas' (MOH) 180,000 b/d Corinth refinery contributed to the growing European supply. Fuel oil shipments to the Netherlands rose to 29,000 b/d in September, up from 22,000 b/d in August. The crude distillation unit (CDU) at the Greek plant, which was severely damaged by a fire on 17 September 2024, is now back on line. Crude deliveries to Corinth reached an 11-month high in August, and residual by-product output is expected to increase as throughput accelerates.

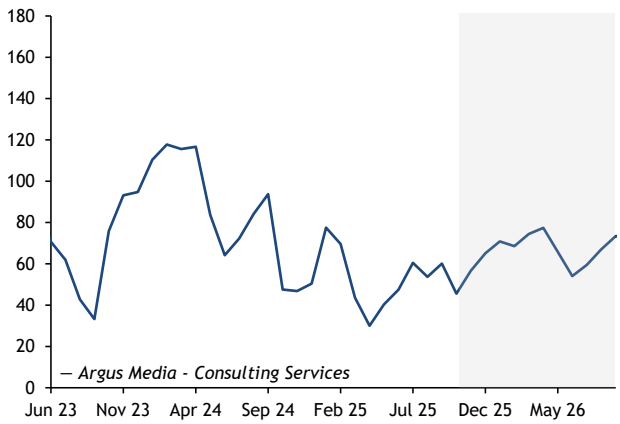
NWE MGO-VLSFO spread $/t



NWE bunker cracks vs NSD $/t

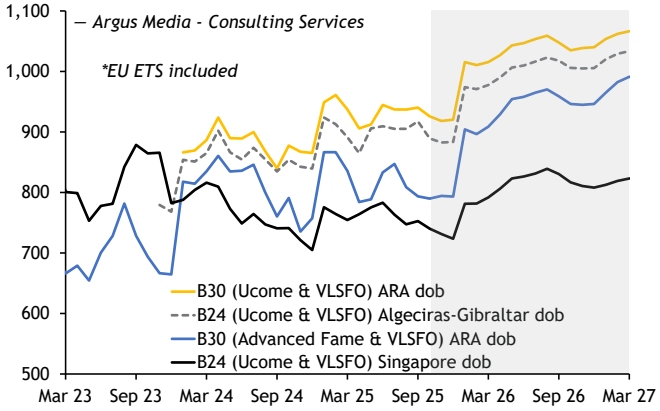


NWE VLSFO-HSFO spread $/t

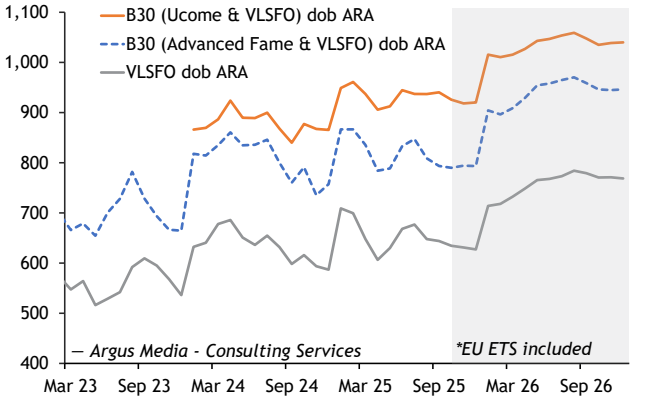


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Marine biofuels Europe vs Singapore *$/t*



NWE marine biofuels vs conventionsl fuels *$/t*



Looking ahead, HSFO crack spreads are poised to strengthen as global market fundamentals find support from the prospect of reduced Russian fuel oil output — one of the world's largest producers — due to large-scale attacks on Russian refineries by Ukraine. Russian exports have remained resilient, with seaborne fuel oil shipments rising sharply from 591,600 b/d in July to 829,400 b/d in August, and averaging 890,000 b/d so far in September, according to Vortexa. This increase is likely driven by higher CDU activity at simpler refineries. Nevertheless, continued Ukrainian attacks have further disrupted operations and are expected to reduce Russian fuel oil outflows at the start of the fourth quarter, supporting HSFO crack spreads. In September to date, rail shipments of fuel oil to Russian ports have decreased by around 12pc compared with the full month of August. The 350,000 b/d Surgutneftegas Kirishi refinery — a key supplier to Ust-Luga on the Baltic Sea — could reduce exports in the second half of September due to unplanned maintenance on a crude unit.

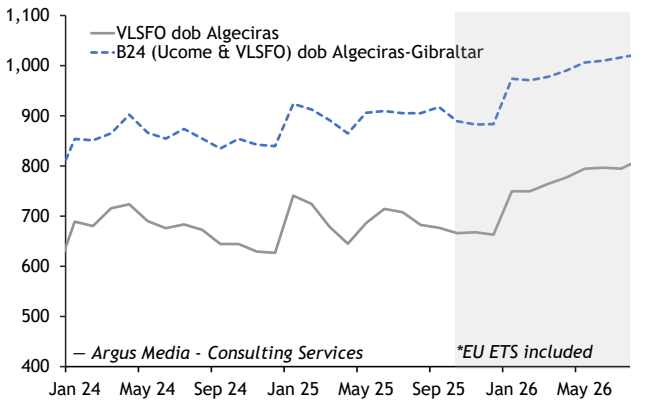
Looking further ahead, ongoing structural shifts toward more complex refineries with higher residue conversion rates are also expected to support HSFO cracks. Bahrain's state-owned Bapco Energies plans to commission its Sitra refinery upgrade by year-end, including a two-train residual hydrocracker unit (RHCU) with a 65,000 b/d capacity. Bapco, a key HSFO exporter at 150,000-200,000 t/month, is expected to see exports decline once the new RHCU comes on line.

MGO premium to VLSFO widens

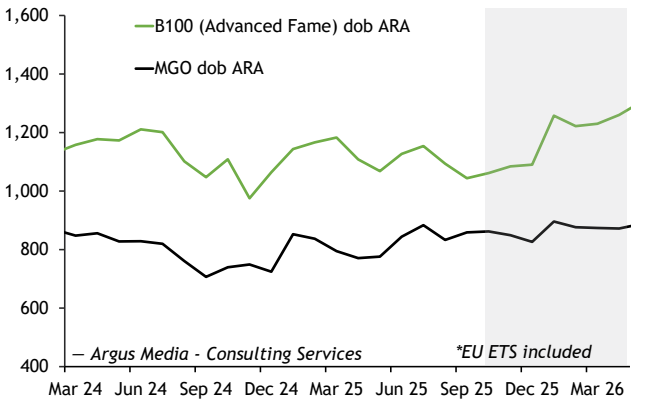
In the ARA region, the price spread between marine gas oil (MGO) and very-low sulphur fuel oil (VLSFO) widened to $211/t in September, up from $182/t in August — the highest since February 2024. This increase is primarily driven by rising demand for MGO bunkers in the Mediterranean, while interest in VLSFO across Europe continues to decline following the Mediterranean's designation as an emissions control area (ECA) on 1 May.

Delivered VLSFO crack spreads in northwest Europe have been on a downward trajectory since July, dropping to around a $62/t discount to North Sea Dated by the end of September, down by $9/t from August. VLSFO fob northwest Europe cargo prices even flipped to a discount to North Sea

Med marine biofuels vs VLSFO *$/t*

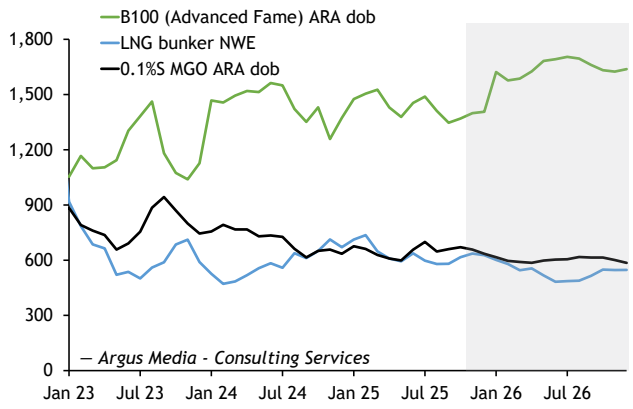


NWE B100 vs MGO *$/t*

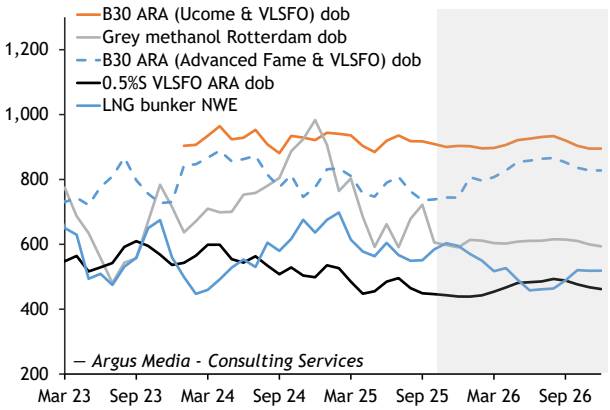


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NWE LNG, B100 vs MGO *$/t MGOe*



Alternative marine fuels vs VLSFO *$/t VLSFOe*



Dated in the second half of September. Delivered VLSFO cracks in Algeciras also weakened, falling to a $25/t discount to North Sea Dated from $14/t in August.

The current global oversupply of VLSFO is putting additional pressure on cracks in Europe as producers have not been incentivised to consolidate cargoes for shipment to major bunkering hubs such as Singapore. Outflows of low-sulphur straight run (LSSR) fuel oil from Nigeria's 650,000 b/d Dangote refinery are weighing on global market fundamentals, with cargoes being shipped to bunkering hubs east of Suez for potential use in VLSFO production. As a result, European producers are increasingly having to accept lower bids for their product.

VLSFO cracks in Europe will likely remain under pressure due to dwindling demand. But some relief could come from a possible easing of the supply overhang, as Dangote expects its 285,000 b/d residual fluid catalytic cracker (RFCC) to return to full capacity in early October. This could limit LSSR exports from Dangote, although it remains to be seen whether the RFCC will be able to resume full operations so quickly, given the unit has experienced several outages in recent months.

Alternative fuels

Biofuels

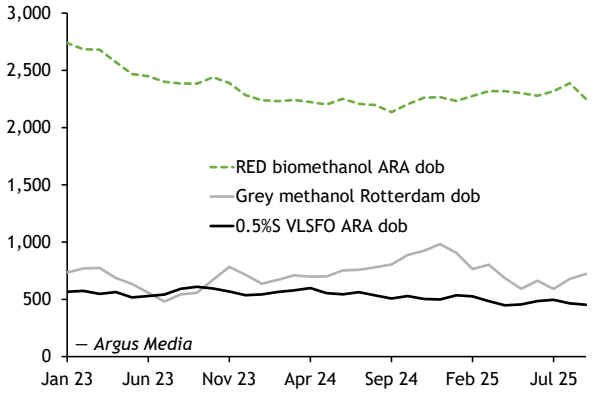
Ucome marine bunker prices depend on regulation

Used cooking oil methyl ester (Ucome) based bunker biofuel values in Europe remained stable in September. B30 Ucome dob ARA prices averaged $804/t, down by $5/t from August. The B24 Ucome dob Algeciras-Gibraltar price rose by $3/t to $769/t. This is linked to the downward trend in VLSFO. In contrast, Ucome prices continued their upward trajectory for the fifth consecutive month.

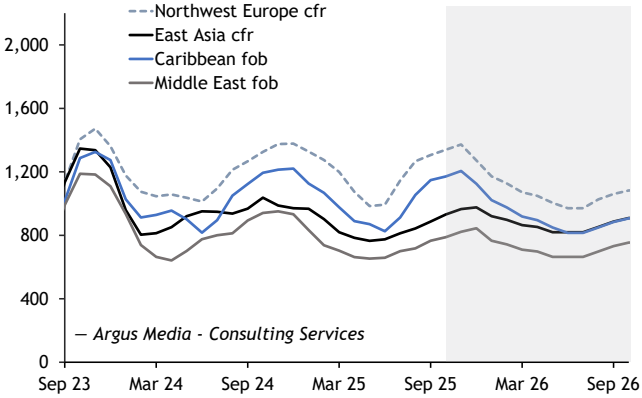
In the biodiesel market, the premium of waste-based grades to crop grades increased in September. Ucome fob ARA prices rose by $22/t to $1,488/t, driven by strong demand from the Dutch market. Elevated HBE renewable fuel ticket prices and favourable blending economics have further boosted interest in waste-derived biofuels.

Looking ahead, Ucome prices are expected to remain firm through the fourth quarter, with buying activity likely to pick

Biomethanol, grey methanol vs VLSFO *$/t VLSFOe*



Grey ammonia bunker marker *$/t VLSFOe*



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up toward year-end in preparation for 2026. A planned end to double-counting in Germany could further boost Ucome demand next year. Prices are also supported by robust UCO values, which are being driven by sustained demand from both hydrotreated vegetable oil (HVO) and sustainable aviation fuel (SAF) producers. UCO cif ARA prices climbed to $1,170/t, up from $1,100/t at the beginning of August. Forecasts suggest prices will likely stabilise at $1,080-1,110/t through the end of 2025 and into early 2026.

But the main downside risk remains diesel market weakness, which could accelerate price declines in 2026. Diesel demand is weakening particularly in northwest Europe, which is a major outlet for diesel imports. Upside risks are tied to potential feedstock supply disruptions amid rising mandates.

A key emerging factor for Ucome-based bioblends in the ARA region is the growing regulatory divergence between EU-wide FuelEU Maritime rules and national implementations of the renewable energy directive (RED III) in Belgium and the Netherlands. According to the Dutch government's latest RED III draft, fuels derived from Annex IX Part B feedstocks — including UCO — will not be eligible to count toward national RED III targets in the maritime sector. This aligns with Belgium's stance and signals a strategic policy shift favouring inland shipping and road transport.

As a result, suppliers will be unable to claim Emission Reduction Units (EREs) for UCO-based biodiesel used in maritime applications. This restriction is likely to discourage the sale of such fuels in the ARA bunker market. This regulatory constraint could drive higher Ucome-based bunker prices in ARA, as suppliers attempt to offset the risk of non-compliance penalties.

In response, the Dutch government has scheduled a committee meeting on 29 September in The Hague to review the draft transposition of RED III. This follows a written exchange between the parliament and the ministry of infrastructure and water management, with official responses issued on 4 September and an amendment to the draft decree released earlier in the month. A key focus of the meeting will be the exclusion of Part B biofuels — including UCO — from eligibility for maritime use under RED III.

Advanced Fame bioblends weaken on rising HBE-Gs

B100 and B30 Advanced Fame dob ARA prices in September were influenced by lower prices of VLSFO and higher prices of Dutch advanced renewable fuel units (HBE-Gs). HBE-G values are deducted from B100 , and B30 Advanced Fame 0 dob ARA prices. Dutch HBE tickets for 2025 hit a record high for the compliance year in September, driven by strong gains in HVO prices. HBE-G tickets rose to approximately €17/GJ ($20/GJ) from €15/GJ in August.

Advanced Fame 0 prices rose to $1,588/t, marking a $9/t increase from August. The premium over Ucome narrowed to $100/t after being around $120/t in July-August. Strong demand from Germany — driven by anticipation of the removal of double-counting — pushed the premium above $100/t in July for the first time since March 2022. But this premium is expected to decline heading into the new compliance year, with projections suggesting a drop to $75–85/t.

B100 Advanced Fame 0 dob ARA prices declined by $50/t in September, settling at $1,044/t. Prices are expected to remain within the $1,060–1,090/t range throughout the fourth quarter. But a sharp increase is anticipated in 2026 if the RED III draft regulations go through.

Currently, marine fuel suppliers are not subject to renewable energy obligations and can freely trade HBE-G renewable tickets generated from blending with VLSFO to other obligated parties. Under the updated RED III draft, these HBEs will be replaced by Emission Reduction Units (EREs), which must be surrendered to meet sector-specific mandates. Crucially, EREs generated from inland and maritime shipping cannot be used by land transport suppliers to meet their compliance targets, significantly reducing cross-sector flexibility. The draft also introduces a minimum share of emission reductions that must come from Annex IX Part A fuels in each sector. This reduced flexibility of ticket trades and the inability to sell tickets into the road transport sector could drive up prices for Advanced Fame-based bunker fuel prices.

EU ETS costs will increase in 2026

EU emissions trading system (ETS) costs added $148/t to B24 dob Algeciras-Gibraltar prices in September, up from around $130/t earlier in the year. ETS prices climbed to approximately $88/t, compared with $83/t in August, marking a two-year high. The upcoming 30 September compliance deadline spurred stronger buying interest, providing additional support to the market.

Looking ahead, these costs are expected to rise significantly, reaching around $210/t from January. This increase reflects the shift to full coverage of CO_2 emissions under the EU ETS, rising from 70pc in 2025 to 100pc in 2026.

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Regulation

Consultation opens for Dutch RED III regulation draft

The Dutch Ministry of infrastructure and water management has released an updated draft amendment of the Energy for Transport regulations for public consultation, aligning with the EU's revised renewable energy directive (RED III). The consultation is open until 16 October.

The amendment strengthens verification requirements for all renewable energy types, including biofuels, biogas, renewable fuels of non-biological origin, and electricity. It formalises procedures for sampling, mass balance, and sustainability declarations, and broadens the verification scope.

It ends double-counting for Annex IX feedstocks as the Netherlands shifts from energy-based obligations to a greenhouse gas (GHG) savings system. The document notes that shifting to a GHG-based system could boost the use of "other" low-CO_2 feedstocks. To avoid market distortion, the government proposes a 0.5 times multiplier for category 3 tallow, which is uncapped — unlike categories 1 and 2, considered waste under Annex IX Part B. A similar risk applies to other unlisted feedstocks that qualify as "other". When adding new materials to the Renewable Energy for Transport Register, the risk of market disruption will now be assessed. If deemed high risk, the 0.5 times multiplier will also apply. The amendment does not clarify how this risk will be evaluated.

The definition of Fame end-distillation residue is expanded to include all Annex IX feedstocks, allowing residues from part A feedstocks to be used in the maritime sector. Sustainability documentation must now specify the original feedstock.

Separately, the Dutch parliament will discuss the RED III draft and related questions on 29 September in The Hague.

Coalition urges IMO to adopt bunker fuel levy

The Getting to Zero Coalition, representing over 180 maritime companies including Shell, Chevron, and Maersk, is calling on the International Maritime Organization (IMO) to approve a greenhouse gas pricing mechanism at its upcoming vote in October.

The coalition stresses that adopting this framework is crucial for meeting the IMO's GHG-reduction targets and maintaining momentum in the transition to alternative marine fuels, including investments in new vessels. They warn that failure to adopt the proposal could jeopardise significant investments and slow progress toward decarbonising shipping.

In April, the IMO preliminarily approved the GHG pricing proposal, which introduces two compliance tiers for ships, with emission-reduction targets starting in 2028. Ships must cut fuel intensity by 4pc in 2028 against 2008 levels, tightening to 30pc by 2035. A "direct compliance target" starts at 17pc in 2028, rising to 43pc by 2035.

The pricing mechanism establishes a levy for excessive emissions at $380 per tonne of CO_2 equivalent (tCO2e) for ships compliant with the minimum "base" target, called Tier 2. For ships in Tier 1 — those compliant with the base target but that still have emissions higher than the direct compliance target — the price was set at $100/tCO2e. Over-compliant vessels earn surplus units, which can be traded or used in the future.

If adopted in October, the regulation will take effect in 2027. Final approval requires a two-thirds majority at the Marine Environment Protection Committee meeting in October. The US, which did not participate in the April meeting, has since stated it will not support the proposal, citing concerns over it being a "global carbon tax".

France delays RED III implementation

France has postponed the implementation of RED III by one year, with the new effective date now set for 1 January 2027 instead of 2026. The proposed legislation will be reviewed by parliament in the coming months. The draft transposition of RED III was released for public consultation in May and includes a wide range of changes. Notably, it introduces a greenhouse gas savings requirement by fuel sector, in addition to the existing energy content-based blending requirement by fuel type, which will also be expanded to cover new fuel types. The government had updated the official legislation site with a copy of the 2025 mandate, initially listing an implementation date of 1 January 2026, before officially announcing the delay.

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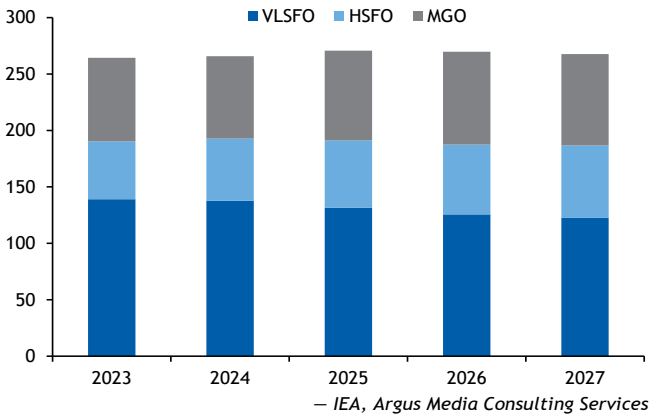
Europe bunker fuel demand					mn t
	2023	2024	2025	2026	2027
VLSFO	29.3	28.1	23.5	20.6	19.9
HSFO	8.1	8.5	9.6	9.8	10.6
MGO	18.1	17.7	22.6	25.2	24.7
Total	**55.4**	**54.3**	**55.7**	**55.7**	**55.2**

Demand

Global demand for conventional marine fuels to grow

We continue to see global growth in demand for conventional bunker fuels in 2025, rising by 4.9mn t to 270.7mn t. This is underpinned by continued diversions away from the Red Sea, while global trade has remained resilient to volatile US tariff policy. The seasonally adjusted RWI/ISL Container Throughput Index, an indicator of the development of international trade in processed goods and therefore global economic activity, has been up on the year from January to July, the latest month that the index is available.

Global conventional bunker demand forecast *mn t*



— *IEA, Argus Media Consulting Services*

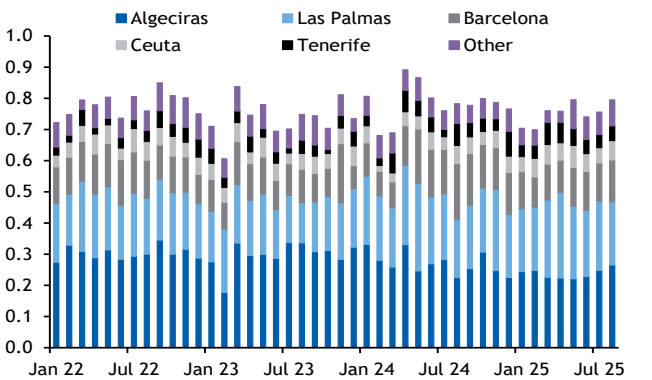
But while overall demand for conventional marine fuels is growing, demand for VLSFO is continuing to fall, dropping 6.0mn t to 131.6mn t in 2025. A long-term driver of the downward trend in VLSFO demand is the growing fleet of scrubber-fitted vessels and subsequent increase in demand for HSFO. In 2025, HSFO demand will rise 4.5mn t to 59.5mn t. Between 2020, when IMO regulations limited the sulphur emissions of marine fuels to 0.5pc, and 2025, the scrubber-fitted fleet has grown by 53pc to 6,708 vessels, according to international classification society DNV data. DNV data for 2026 shows growth continuing in the fleet, although by a smaller amount at 2pc year on year to 6,851 vessels, meaning the downwards pressure on VLSFO demand will continue.

But the introduction of the Mediterranean ECA in May is driving the larger magnitude in downtrend in VLSFO, in 2025 and moving into 2026. In 2024, global VLSFO demand fell by a much smaller 1.5mn t. Vessels transiting the new ECA zone, implemented from May, which covers the Mediterranean Sea, are switching to MGO from VLSFO to meet the more stringent 0.1pc sulphur limit. We estimate that the ECA zone will lead to 5.1mn t of demand switch from VLSFO to MGO in 2025, and 7.2mn t in 2026, with the majority of this switch occurring in the Mediterranean region.

Upcoming IMO GHG regulations could add further support to global HSFO demand. Although HSFO, MGO and LSFO all have a GHG intensity above the incoming limit set by the IMO of 89.57 gCO2e/MJ, HSFO has the lowest GHG intensity of these fuels. This means compliance penalties will be lower for vessels burning HSFO.

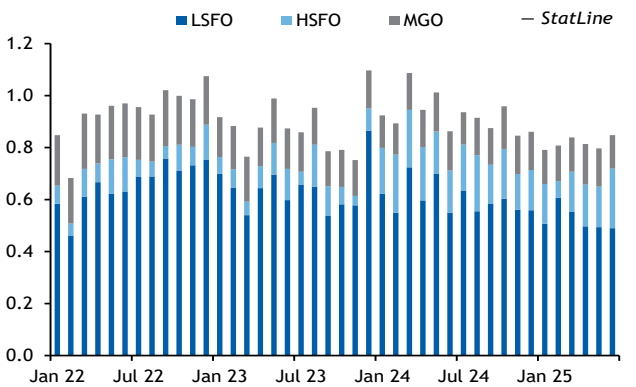
From 2026, total global demand for conventional marine fuels will start to fall structurally. In 2026, global demand will fall 1mn t to 269.7mn t, followed by a further 2.0mn t drop to

Spain marine fuel sales *mn t*



— *Ministerio de Trasnportes y Movilidad Sostenible*

Netherlands supplied bunker fuel *mn t*



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269.7mn t. This reflects a growing fleet of alternative-fuelled vessels, starting to erode demand for conventional fuels. DNV data shows it will continue to grow by more than 20pc in both 2026 and 2027. With the fleet growing more than 35pc a year between 2021 and 2025.

Strong rise in MGO demand due to Mediterranean ECA

The majority of the increase in MGO demand is in Europe as the region includes the new Mediterranean ECA zone. In 2025, MGO demand will rise 4.9mn t to 22.6mn t, followed by a further 2.7mn t of growth in 2026 to 25.2mn t. Europe already uses a higher proportion of MGO than the global trend due to the North Sea ECA zone, which had the 0.1pc sulphur limit set in 2015. In 2024, MGO demand accounted for 33pc of total conventional fuel demand, whereas the global proportion was 27pc. With the introduction of the Mediterranean ECA in May 2025, the proportion of MGO demand grows further, to 41pc in Europe, compared to 29pc for global demand. Moving into 2027, overall falling demand for conventional marine fuels results in MGO starting to steadily fall, by 0.5mn t to 24.7mn t.

In line with the global trend, VLSFO will fall year on year through the forecast period. VLSFO demand in 2025 will fall by 4.5mn t to 23.5mn t, largely due to the introduction of the Mediterranean ECA causing demand to switch from VLSFO to MGO, followed by smaller drops of 2.9mn t and 0.7mn t, respectively. Meanwhile, demand for HSFO will continue to steadily increase. Rising by 1.0mn t to 9.6mn t in 2025, followed by rises of 0.3mn t and 0.8mn t, respectively, in 2026 and 2027.

Marine fuel demand rises in Spain

Liquid marine fuels supplied, a proxy for demand, rose on the year for the first time in five months in August in Spain. Demand rose 1.6pc to 795,500t, which was also up 5pc on the month. Algeciras, typically the largest bunkering port in the country, made sales of 265,100t. Demand in Barcelona reached its highest so far in 2025 at 134,600t, but this was still a drop of 24pc on the year.

Las Palmas and Tenerife, in the Canary Islands, have had demand supported by Red Sea diversions as they lie on the longer route around the Cape of Good Hope. In Las Palmas, demand was 202,700t, a rise of 8pc on the year, but more than 50pc up on August 2023, which was before Red Sea diversions started. Demand in Tenerife was down on the year, to 47,400t, but this was still 11pc higher than August 2023.

Netherlands bunker demand rises in June

Bunker fuels supplied in the Netherlands, a proxy for demand, rose 6pc on the previous month to 848,000t in June, according to Statline data. But this was still 2pc down on the year.

Supplied HSFO was the only fuel to rise on either the month or the year, reaching 229,000t, the highest since 2019, before IMO 2020 regulations limiting the sulphur content of fuels to 0.5pc were introduced. Demand for LSFO was 490,000t, down 1pc on the month and 11pc on the year. MGO demand was 120,000t, a drop of 12pc on the month and 15pc on the year.

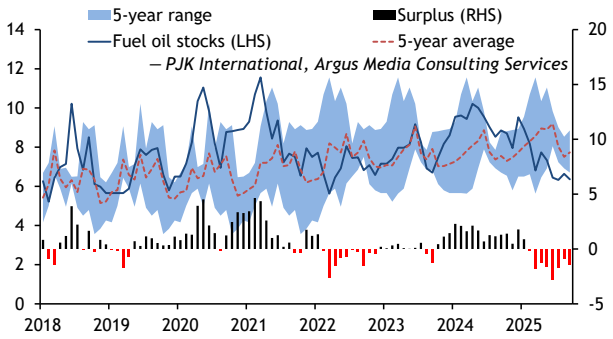
Supply

ARA stocks drop on lower supply availability

Independently held stocks in the ARA region dropped to around 6.36mn bl by mid-September from 6.64mn bl at the end of August, according to Insights Global. The stock draw is largely attributed to constrained European supply availability because of the series of refinery closures and the ongoing autumn maintenance works. Fuel oil stocks in the ARA region have remained around 2mn-3mn bl below 2024 levels since the end of the first quarter.

Relatively muted trans-regional flows also added to the supply tightness. Imports of fuel oil from the US and Middle East have remained around or below 100,000 t/month over the past months, Vortexa data show. Feedstock demand in the US became stronger on higher refinery utilisation and the region saw an increase in power generation demand during summer.

ARA fuel oil stocks *mn bl*



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Drone attacks threaten Russian supplies

Unplanned outages at Russian refineries following drone attacks are reducing HSFO availability and raising concerns over regional and global supply. For instance, the 350,000 b/d Kirishi refinery, a key supplier to Ust-Luga on the Baltic Sea, is undergoing emergency maintenance on a crude unit after a recent strike. Market participants estimate that Kirishi's fuel oil output could fall to 500,000t, down from 600,000t in August. Since early August, *Argus* tracking, based on Ukrainian and Russian confirmations, suggests there have been 23 strikes on 16 refineries in Russia, around one-third of Russian refineries.

This disruption is not only reflected in terms of damage on refining assets but also on export infrastructure. The ports of Primorsk and Ust-Luga were targeted in the recent wave of Ukraine's drone offensives. Ust-Luga has seen a noticeable drop in diesel loadings in recent weeks, which could be related to reduced shipments to the port from refineries or repair works at the port following drone attacks.

This round of disruption will likely leave the market with a stronger sense of tightness compared with when Ukraine launched the first wave of drone attacks in the first quarter. Although some refining capacity was forced off line and product exports slowed in the first quarter, reduced Chinese demand for HSFO as refinery feedstock, which was caused by a consumption tax change, helped offset the tightness then.

But this time, the supply squeeze comes after a few refinery closures in Europe and Shandong independent refineries having returned to the fuel oil market. Some of the refineries have recently been awarded higher rebate rates from the local government. Shandong independents have been struggling with securing enough refinery feedstock as some could have used up to 80pc of their crude import quotas by the end of August, which reiterates the conflict between Beijing and the provincial government of Shandong. Although the former plans to streamline the domestic refining sector, the latter cannot live without the tax revenue and job opportunities provided by the independent refiners, therefore loosening the tax burdens on them.

Russian direct fuel oil exports to China have already halved year on year to around 3.2mn t during January-August, but August has seen signs of increased shipments to China. With Russian supply under pressure and alternative sources limited, the market is expected to face more competition for HSFO cargoes, potentially reshaping trade flows, which could stop the downward trend of HSFO prices seen in Europe in recent weeks.

MGO to remain tight on maintenance and conflict

Marine gas oil is also expected to remain relatively tight as the overall gasoil market continues to face limited supply availability during autumn maintenance and lower refining capacity in Russia could mean a decrease in exports of diesel, which have typically headed for Turkey, Africa and Latin America.

As refiners, especially in Europe and the US, have been prioritising the production of diesel in recent months, latest data suggest there has been some improvement in diesel stocks across the Atlantic basin. Gasoil stocks in the ARA region have risen to around 16.1mn bl by mid-September, up from 15.7mn bl at the end of August, marking the highest level since February. But stocks in the ARA region and wider Europe still remain towards the lower end of the seasonal norm. *Argus*' MDX data show that the private diesel tank fill level in Germany is currently below 54pc — lower on the year — and it typically decreases further until November.

Potential decreases in Russian flows could pressure Turkish exports to the wider region, which have averaged slightly above 100,000 b/d so far this year. And the upcoming EU embargo on products refined using Russian crude could further complicate the current flows of gasoil/diesel from Turkey and India to Europe, should the EU resort to stringent enforcement of sanctions.

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Asia-Pacific

Asia-Pacific bunker forecast											$/t
	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	1Q26	2Q26	3Q26	4Q26
Crude price forecast											
Dubai	511	500	505	500	486	477	457	464	491	502	488
Conventional											
Fob Singapore											
3.5%S HSFO 380cst	405	396	394	403	390	372	358	365	404	425	388
0.5%S VLSFO	505	485	471	467	461	450	450	457	488	500	480
Dob Singapore											
3.5%S HSFO 380cst	412	406	404	419	406	388	374	381	420	441	403
0.1%S MGO	678	649	666	664	667	648	614	608	598	617	613
0.5%S VLSFO	514	495	481	479	473	463	463	469	501	516	498
Alternative											
Dob											
B24 Singapore (Ucome & VLSFO)	695	678	679	669	660	652	677	680	711	723	697
$/t VLSFOe											
B24 Singapore (Ucome & VLSFO)	738	721	721	711	701	693	693	696	729	743	715
Grey methanol southeast Asia	729	726	726	721	743	746	744	744	745	751	739
$/t MGOe											
B24 Singapore (Ucome & VLSFO)	758	740	741	730	720	712	711	715	749	762	734
Grey methanol southeast Asia	774	771	771	740	763	766	763	764	764	771	759
Asia-Pacific bunker marker											
Grey ammonia cfr east Asia $/t VLSFOe	812	843	887	931	965	976	920	894	830	853	901
Grey ammonia cfr east Asia $/t MGOe	834	865	910	956	991	1002	945	918	853	876	925

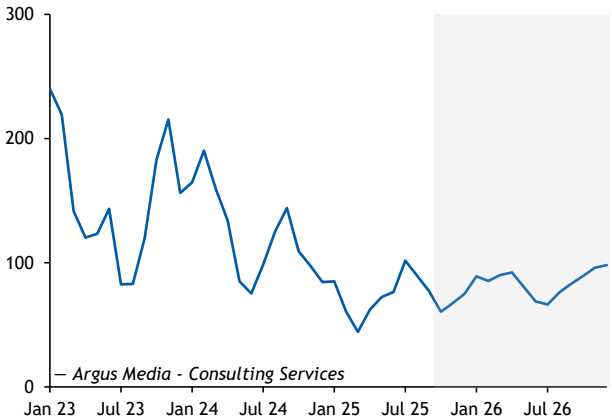
Prices

Conventional prices

VLSFO cracks in Singapore bottom out

Delivered very low-sulphur fuel oil (VLSFO) crack spreads in Singapore continued to soften in September, widening to a $24/t discount to Dubai crude from $5/t in August, driven by abundant regional supply. In mid-September, VLSFO cargo prices in Singapore briefly dipped below Dubai crude, although they later recovered to a premium. The persistent weakness is largely attributed to oversupply.

Singapore VLSFO-HSFO spread *$/t*



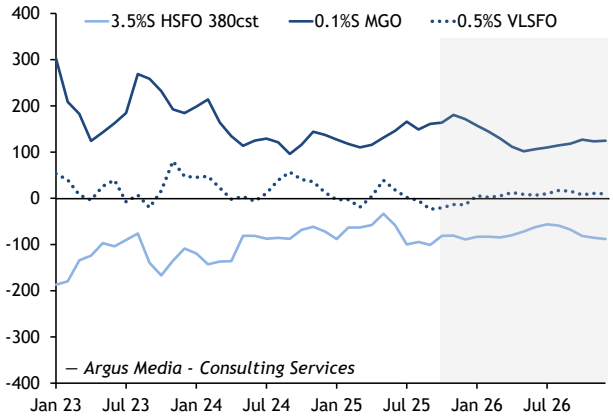
Stocks of low-sulphur fuel oil in floating storage across the Malacca and Singapore Straits rose in September from August, supported by steady inflows of low-sulphur straight run (LSSR) fuel oil from Nigeria's 650,000 b/d Dangote refinery and Malaysia's 300,000 b/d Pengerang refinery. Regular shipments of Dar Blend crude — commonly used in VLSFO blending — have also been directed primarily to Singapore, as logistical challenges continue to hinder discharges of Sudan-origin cargoes in Fujairah.

Some support for VLSFO cracks may emerge if Dangote's LSSR cargoes are increasingly redirected to Fujairah, where supply remains tight. The refinery shipped 130,000t of LSSR in both August and September, and there is potential for some volumes to be diverted to the US Gulf coast. Dangote expects its 285,000 b/d residual fluid catalytic cracker (RFCC) to return to full capacity in early October, although this timeline is uncertain due to recent operational disruptions. Notably, the refinery's recent LSSR offers have not included high-metals content cargoes, likely because the RFCC has been off line. High-metals content typically results from slurry contamination, a by-product of RFCC operations.

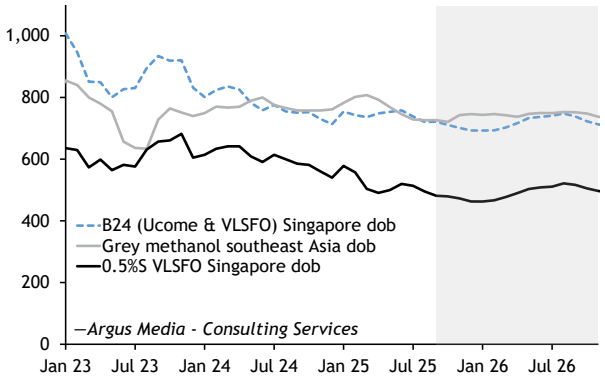
Kuwait's Al Zour refinery, a major VLSFO exporter, could also increase exports to Fujairah. After halting exports at the end of July due to high domestic power demand, Al Zour

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Singapore bunker cracks vs Dubai crude *$/t*



Alternative marine fuels vs VLSFO *$/t VLSFOe*



resumed shipments in early September, with volumes rising to 154,000t from 46,000t in July.

Meanwhile, VLSFO demand in Singapore showed signs of recovery following a subdued July. Softer prices could continue to stimulate bunker demand, offering some support to delivered VLSFO cracks in the fourth quarter.

Alternative fuels

Biofuels

B24 dob Singapore pressured by softer VLSFO

B24 dob Singapore prices held steady in September at $679/t, unchanged from August. This stability reflects a balancing act between rising Chinese used cooking oil methyl ester (Ucome) prices and weakening VLSFO values.

Chinese Ucome prices have been climbing since June, driven by higher feedstock costs. In September, prices rose to $1,192/t, up from $1,171/t in August. Chinese UCO prices reached a 32-month high in September, supported by limited upstream collection volumes, robust domestic demand, and policy-driven shifts. The rally has been building since early summer, when UCO prices breached $1,000/t. This reflects a sharp contraction in upstream collection, while surging demand from domestic sustainable aviation fuel (SAF) and hydrotreated vegetable oil (HVO) producers has reinforced the squeeze. China's SAF pilot programme and the cancellation of the 13pc valued added tax (VAT) rebate on UCO exports have further tightened export availability, redirecting flows inward and establishing a domestic price floor.

UCO export activity remains subdued following a significant drop in US demand due to policy changes and elevated tariffs. Although some volumes continue to flow to south-east Asia and Europe, strong domestic pull and regulatory constraints have kept export availability tight. Prices are expected to remain firm, but are forecast to ease modestly in the first half of 2026, averaging slightly below $1,000/t.

Chinese Ucome buying interest from the marine bunkering sector remained thin, with most requirements covered under term contracts and only minimal spot activity anticipated for the fourth quarter. Competition for feedstock remains intense, despite subdued biodiesel demand, as major HVO producers continue to buy UCO at levels biodiesel producers struggle to match. This structural disadvantage has capped the Ucome price upside even as finished product markets remain firm globally.

Looking ahead, Ucome prices are expected to stay at $1,145-1,160/t in the fourth quarter, with any upside capped by weak marine demand and strong feedstock competition.

Demand

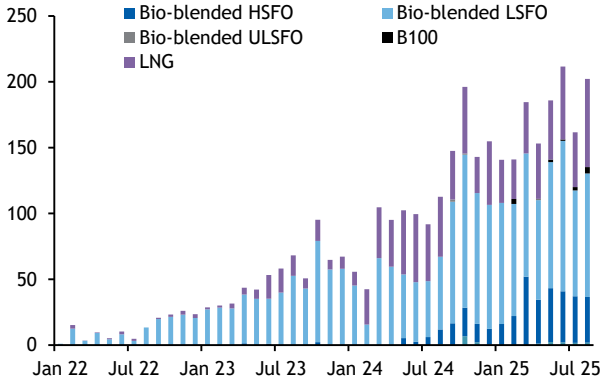
Asia-pacific bunker demand rises in 2025

In line with global trends, demand for conventional marine fuels in the Asia-Pacific region will rise in 2025, by 2.6mn t, before starting to fall structurally from 2026 as demand for alternative fuels rises. In 2026 total conventional marine fuel demand will fall 0.5mn t, followed by a further 1.5mn t in 2027.

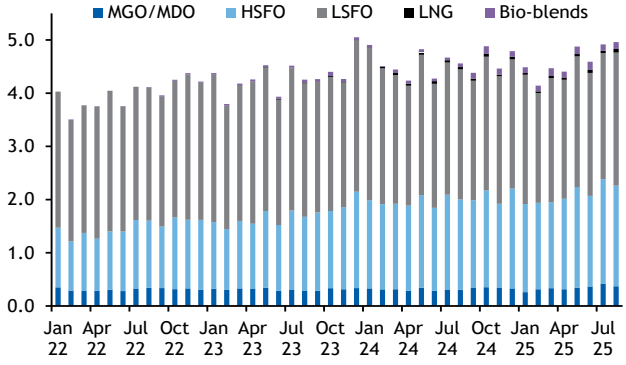
Again in line with the global trend, high-sulphur fuel oil (HSFO) demand will continue to increase, even as total demand falls, reflecting the growing global fleet of scrubber-fitted vessels. HSFO demand will grow 2.7mn t this year to 34.3mn t, followed by growth of 1.1mn t in 2026 and 0.9mn t in 2027. This will weigh on demand for VLSFO, which will fall

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Singapore alternative marine fuel sales *000 t*



Singapore bunker sales *mn t*



— Maritime & Port Authority of Singapore

1.0mn t to 66.6mn t in 2025, falling by a further 1.7mn t and 2.0mn t in 2025. Marine gas oil (MGO) demand will rise by 0.8mn t to 32.2mn t in 2025, and a further 0.1mn t in 2026, but will start to fall in 2027, by 0.4mn t to 32.0mn t.

Singapore alternative bunker fuel demand grows

Bunker sales at the port of Singapore rose by 9pc on the year to 4.97mn t in August, according to the latest data published by the Maritime and Port Authority of Singapore.

Alternative fuel demand continued to grow strongly, supported by EU and IMO-led compliance requirements. Bio-blended fuels, which are drop-in fuels so require no changes to ship engines, continued to have strong growth, nearly doubling on the year to 135,200t. The majority of bio-blended fuels are for low-sulphur fuel oil (LSFO), with 93,800t of demand, an increase of 70pc on the year. But demand for bio-blends of HSFO are also growing, as the scrubber-fitted fleet grows. Demand in August for bio-blended HSFO was 34,700t, a rise of more than 200pc on the year. There have also continued to be sales of B100 blend, although in small volumes. In August, there were 4,800t of demand for B100, the sixth month of recorded sales and the highest so far. Another alternative fuel, LNG also continued to have strong demand in August.

Asia-Pacific bunker fuel demand					*mn t*
	2023	**2024**	**2025**	**2026**	**2027**
VLSFO	68.2	67.6	66.6	64.8	62.8
HSFO	29.6	31.5	34.3	35.4	36.2
MGO	32.0	31.4	32.2	32.4	32.0
Total	**129.9**	**130.5**	**133.1**	**132.6**	**131.0**

Demand for LNG, another alternative fuel, reached 67,000t, the highest on record and 47pc up on the year. We expect growth of LNG to continue to be strong in coming months and years. LNG accounts for the majority of the growth in vessels that can burn alternative fuels. Between 2025 and 2028, the fleet that can burn alternative fuels will grow by 878 vessels, of which 451 will be LNG-fuelled, according to DNV data.

Despite continued firm growth in demand for alternative fuels, demand for conventional fuels still makes up the majority of demand both at the port of Singapore and globally. In August, 97pc of demand in Singapore was for conventional fuels. LSFO demand picked up, rising on the year for the first time in eight months. LSFO demand was up 2.3pc to 2.51mn t. Buying interest was likely supported by lower prices as supplies were ample. HSFO demand rose 12pc on the year to 1.89mn t. MGO demand was 370,400t, a rise of 21pc on the year. Demand for MGO has been supported by the Mediterranean emissions control area (ECA), as vessels bunker with MGO in addition to LFSO at the start of their journey.

Rising supply supports Japan bonded bunker sales

Bonded bunker sales in Japan reached approximately 274,000t in July, a rise of 4pc on the month and 13pc on the year, according to the latest data from the Petroleum Association of Japan. The increase in sales reflects both a small increase in marine fuel demand but also an increase in supply, as refining activity picked up in July. Refinery utilisation rose by 3.1 percentage points on the month to 69.8pc, which was also up 7.5pc on the year. When supplies are tight, bonded bunker supplies typically get cut as meeting domestic oil product demand is prioritised.

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China bunker fuel sales drop in July

Sales of bunker fuels in July fell to 1.45mn t, according to customs data. This was down 13pc on the year and 38pc on the month. Sales in June were particularly strong, surging to 2.32mn t. This is due to import tariff policies varying between the US and China, which is impacting shipping policy and therefore bunker demand. An extension of the tariff truce between the countries boosted shipping demand in late May, supporting bunker demand into June.

Supply

Singapore stocks steady on robust imports

Singapore residual fuel oil inventories edged down to around 25.41mn bl by 17 September, from 26.25mn bl at the end of August, according to government agency Enterprise Singapore. But stocks in the city state have been ample since around June when stocks started to build. Singapore stocks have been constantly higher on the year by 5mn-9mn bl for most of this year, and the levels are comfortably above the five-year average, despite robust year-on-year bunkering demand growth.

Ample inventory levels have been partly enabled by relatively strong imports. Russian exports of HSFO to the city state have been steady, even during the first wave of Ukrainian drone attacks in the first quarter. Singapore's imports of Russian HSFO totalled more than 6mn t during January-July, up from 3.8mn t during the same period last year, according to Vortexa. But elevated stock levels started to weigh on Singapore's appetite for August-arriving cargoes, which then coincided with the launch of recent Ukrainian drone attacks on Russian refineries.

On the contrary, persistent issues at the 650,000 b/d Dangote refinery's residual fluid catalytic cracker unit have continued to facilitate Nigerian exports of LSFO, most of which head for Singapore. The gasoline-producing unit underwent a two-week maintenance programme around mid-August before it was taken off line on 2 September. Nigeria exported more than 100,000 t/month of LSFO to Singapore in July-August, Vortexa data show.

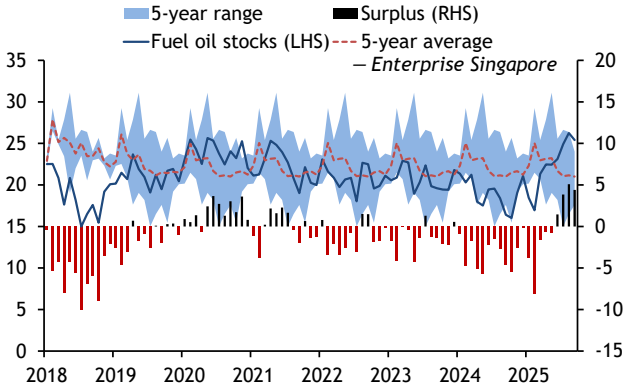
Japan's Cosmo and NX Shoji to launch B24 bunkering

Japanese refiner Cosmo Oil and logistics firm NX Shoji will start supplying 24pc biodiesel-blended fuel oil (B24) to ships at Tokyo port this autumn. The blend will be produced by mixing fuel oil with fatty acid methyl ester (Fame), marking Cosmo Oil's first step into marine biofuels.

NX Shoji has been trialling B24 supply in Tokyo bay since 2024 and in Osaka bay earlier this year, using domestically sourced biodiesel.

The initiative is backed by the Tokyo metropolitan government under its Commercialisation Promotion Support Project for the Utilisation of Decarbonised Fuels, in partnership with the Tokyo Metropolitan Environment Corporation to advance biofuel adoption.

Singapore fuel oil stocks *mn bl*



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Americas

North America bunker forecast											$/t
	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	1Q26	2Q26	3Q26	4Q26
Crude price forecast											
WTI Houston	530	508	504	495	488	482	487	495	520	532	521
Conventional											
Fob Houston											
3.5%S HSFO 380cst	427	394	384	381	364	354	350	350	382	395	370
0.5%S VLSFO	500	493	479	474	471	463	463	470	487	495	494
Dob Houston											
3.5%S HSFO 380cst	423	396	386	389	372	362	364	364	397	410	387
0.1%S MGO	732	699	722	731	717	690	668	665	653	678	662
0.5%S VLSFO	484	478	467	462	459	452	450	457	473	481	480
Alternative											
Dob US Gulf coast											
$/t VLSFOe											
Grey methanol	615	673	673	677	670	663	659	758	668	673	660
$/t MGOe											
Grey methanol	653	715	715	728	720	713	709	815	718	724	709
North America bunker marker											
Grey ammonia fob Caribbean $/t VLSFOe	912	1054	1148	1171	1205	1125	1022	972	853	849	899
Grey ammonia fob Caribbean $/t MGOe	981	1134	1235	1259	1296	1210	1099	1045	918	914	967

Prices

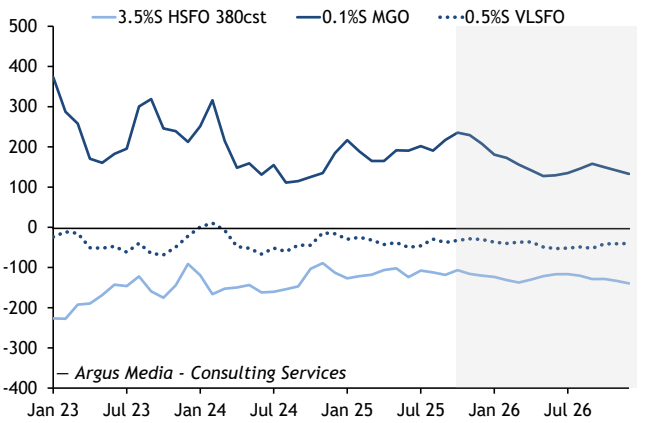
USGC HSFO cracks soften, but will remain supported

Delivered high-sulphur fuel oil (HSFO) crack spreads narrowed to a $118/t discount to WTI in September, up by $6/t from August, as supply constraints eased amid increased product arrivals. US fuel oil imports are expected to rise to 519,500 b/d in September, up from 419,100 b/d in August and 332,000 b/d in the same period last year, according to Vortexa data. With summer demand in the Middle East tapering off, the resulting boost in global fuel oil availability has helped alleviate pressure on US inventories, which have remained critically low for much of the year. US Gulf coast residual fuel oil stocks increased to 10.72mn bl in the week ending 12 September, up from 9.35mn bl at the same time last month.

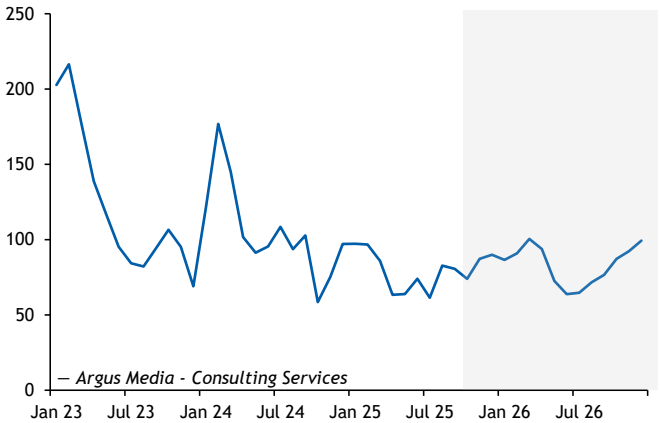
This trend is likely to continue, although upside risks remain due to tightening supply fundamentals in the global HSFO market — particularly as Russian HSFO exports could decline in October as a result of ongoing attacks on refineries. Such developments could provide a floor to the downward trend in delivered HSFO crack spreads on the US Gulf coast.

Delivered very low-sulphur fuel oil (VLSFO) cracks widened to a $38/t discount to WTI in September, down by $6/t from

USGC bunker cracks vs WTI Houston *$/t*



VLSFO-HSFO Houston ex-wharf spread *$/t*



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August. But constrained VLSFO blending availability due to refinery maintenances will limit the downside for VLSFO cracks in the US Gulf coast.

Demand

Americas conventional bunker demand falls

Unlike the global trend, total demand in the Americas for bunker fuels will fall in 2025. Conventional bunker demand will fall 0.8mn t to 39.3mn t. This reflects that bunker demand in the Americas is not being supported by diversions away from the Red Sea following attacks on commercial vessels by the Houthis. In addition, US tariffs will weigh particularly heavily on US trade, and therefore bunker demand at US ports.

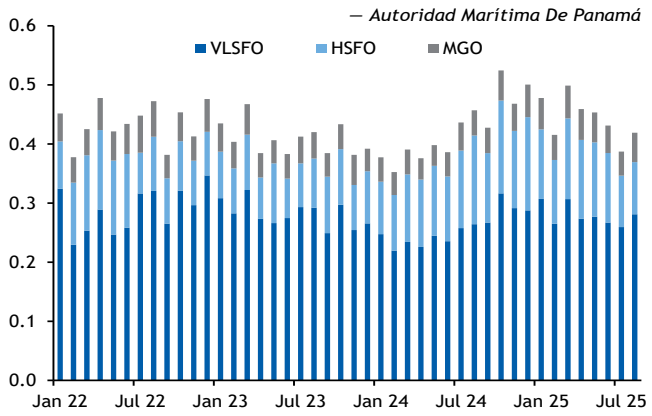
As we move further from the initial shock of US tariffs, we expect a recovery in US trade. As a result, in 2026 the decline in bunker demand is set to be smaller, at 0.2mn t to 39.0mn t, before a small uptick in growth in 2027 of 0.5mn t to 39.5mn t. In addition, the demand for alternative fuels is rising slower in the Americas, as the EU is leading the way for policy supporting the uptake of alternatives.

In line with the global trend, we are seeing HSFO demand rising throughout the forecast period, reaching 7.3mn t to 2027 following an increase of 0.2mn t in 2025, 0.3mn t in 2026, and 0.6mn t in 2027. This will weigh on low-sulphur fuel oil (LSFO) demand, which will fall by 1.1mn t to 18.4mn t in 2025 and a further 0.5mn t to 18.0mn t.

Bunker sales in Panama limited by HSFO demand

Weak sales of HSFO continued to weigh on total bunker demand in Panama in August. Demand for conventional bunker fuel fell 8pc on the year to 419,100t in August, according to data published by the Panama Canal Authority. Demand for HSFO was down 41pc on the year to 88,200t. Higher prices, pushed up by tight availability in Panama, has likely shifted demand to competing ports.

Panama bunker sales *mn t*



Unlike HSFO, demand for marine gas oil (MGO) and very low-sulphur fuel oil (VLSFO) rose on the year. MGO sales reached 49,700t, an increase of 16pc on the year, while VLSFO sales rose by 6pc on the year to 281,200t.

Americas bunker fuel demand *mn t*

	2023	2024	2025	2026	2027
VLSFO	19.5	19.5	18.4	18.0	18.1
HSFO	5.8	6.2	6.4	6.7	7.3
MGO	14.5	14.3	14.4	14.4	14.2
Total	**39.8**	**40.1**	**39.3**	**39.0**	**39.5**

Supply

Stocks up on steady imports and higher refinery runs

Residual fuel oil stocks in the US rose further to the highest level in over two months at around 20.8mn bl by 12 September, the latest weekly EIA data show. The stock build has been largely driven by steady imports from Mexico and higher refinery runs in the country.

Refinery utilisation in the US is slated to average around 95pc in the third quarter, up from 91.7pc during the same period last year, EIA data suggest. With higher utilisation, residual fuel oil output has remained constantly above 300,000 b/d in recent months, with the first two weeks in September showing a 13pc year-on-year increase. At the same time, higher runs on secondary units have raise the demand for HSFO as feedstock, prompting more imports from Mexico. Mexican exports of HSFO to the US have increased sharply since July to 500,000-600,000 t/month, Vortexa data show.

Fossil diesel balance to lengthen

The tightness in the diesel market is the driving force behind higher runs in the US and Europe, as stocks of the product have been trending low since spring. Refiners have been boosting their runs and prioritising the production of diesel to address the issue of low stocks and capitalise on high diesel crack spreads. But tightness in the US has not been caused by stronger demand, as total distillate demand is almost flat on the year so far in 2025 at around 4.1mn b/d. It is instead driven by consistent transatlantic flows to Europe and a bigger share of fossil diesel out of total distillate

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consumption this year. Due to policy uncertainties, many biodiesel and renewable diesel suppliers in the US have scaled down their production, effectively tightening domestic supply. According to the US Environmental Protection Agency (EPA) and *Argus Biofuels Outlook*, US production of biodiesel and renewable diesel has remained at less than 300,000 b/d during the first seven months of 2025, around 100,000 b/d below the 2024 level in the same period.

With more policy clarity and a new biofuels blending mandate coming into force next year, biodiesel and renewable diesel production is expected to rebound, which will free up more US diesel for the European market, helping alleviate the supply tightness there and improve the supply outlook for MGO.

This will also help hedge against the risks of lower Russian supply should its refining sector continue to feel the brunt of Ukraine's drone attacks, and a potential disruption in trade flows after the latest EU sanctions on imports of products refined using Russian crude come into force.

Brazil firms trial HVO bunkering at Acu port

Brazilian shipowner OceanPact and Vast Infraestrutura have begun testing hydrotreated vegetable oil (HVO) bunkering at Acu port in Rio de Janeiro state. Around 3,360t of HVO made from used cooking oil (UCO) were imported from the US for the trial, which runs through December and uses OceanPact's fleet at Vast's liquid terminal.

The vessels use shore power while docked, supporting OceanPact's decarbonisation goals. HVO, a second-generation biofuel, helps ship operators meet emissions rules under the IMO's net zero strategy and the EU's FuelEU Maritime regulation.

Suape e-methanol project gains preliminary licence

Brazil's Pernambuco state environmental agency has granted a preliminary licence for European Energy to build the country's first e-methanol plant at Suape port. The project, led by EE Metanol do Brasil, European Energy's local subsidiary, still requires installation and operation licences before construction can begin. The plant is expected to produce 360 t/d of e-methanol, with operations starting in the second half of 2028.

E-methanol can help ship operators meet emissions rules under FuelEU Maritime and the IMO's Net Zero Framework, as it qualifies as a zero-emission fuel. The FuelEU regulation, effective since January, allows double-counting of renewable fuels of non-biological origin (RFNBOs) for emissions reductions — treating 1t of a RFNBO as 2t until 2033. If the current RFNBO usage target is not met by 2031, RFNBO use will become mandatory from 2034, starting at 2pc of bunker fuel for ships operating in EU waters.

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Middle East

Middle East bunker forecast											$/t
	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	1Q26	2Q26	3Q26	4Q26
Crude price forecast											
Dubai	511	500	505	500	486	477	457	464	491	502	488
Conventional											
Fob Fujairah											
3.5%S HSFO 380cst	396	383	374	386	375	354	343	351	393	411	371
0.5%S VLSFO	506	488	476	458	454	450	457	463	495	507	487
Dob Fujairah											
3.5%S HSFO 380cst	398	387	379	393	382	362	344	353	394	414	377
0.1%S MGO	727	723	724	721	724	706	672	666	656	674	671
0.5%S VLSFO	508	493	484	465	462	458	464	470	502	514	494
Middle East bunker marker											
Grey ammonia Middle East fob $/t VLSFOe	700	718	766	788	822	844	766	739	675	698	747
Grey ammonia Middle East fob $/t MGOe	721	739	788	812	846	870	788	761	696	719	769

Prices

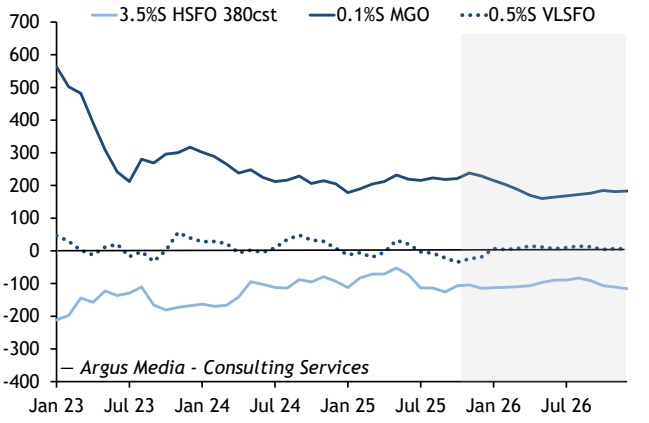
Fujairah VLSFO cracks ease on higher supply

Very low-sulphur fuel oil (VLSFO) crack spreads in Fujairah eased in September to a $21/t discount to Dubai crude, compared with a $7/t discount in August, as supply tightness eased. Despite this, delivered VLSFO prices against Singapore 0.5pc sulphur marine fuel values have averaged a $12/t premium so far in September, up from $8/t in August. VLSFO supplies have been tight in Fujairah since a diplomatic row led to the UAE banning any trade with Sudan and stopping imports of heavy sweet Dar Blend and medium sweet Nile Blend crude, both feedstocks for VLSFO production in Fujairah.

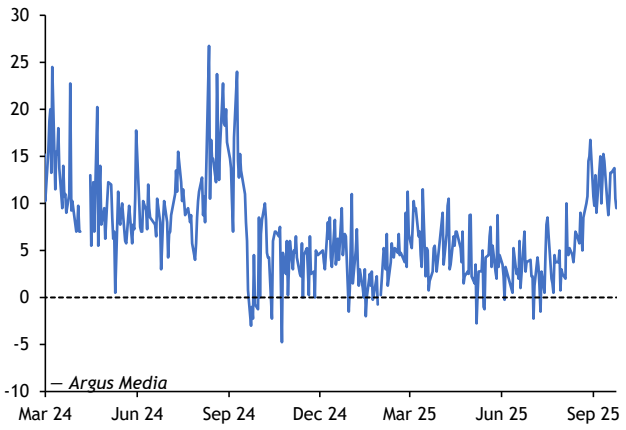
VLSFO bunker sales in Fujairah fell in August compared with July, but supply tightness is expected to ease with increased arrivals of low-sulphur fuel oil cargoes. Kuwait's Al Zour refinery resumed exports in early September, sending 154,000t, while Dangote's refinery also ramped up shipments, with 130,000t arriving and another cargo expected in October. Upside potential to VLSFO cracks could come from a possible reduction of low-sulphur straight-run (LSSR) exports from Dangote if its residual fluid catalytic cracker returns to full capacity in October, although this remains uncertain.

Delivered high-sulphur fuel oil (HSFO) crack spreads in Fujairah widened in September to a $126/t discount to Dubai crude compared with a $114/t discount in August, due to higher supply availability. HSFO supplies from Russia are expected to be higher on the month in September. But ongoing Ukrainian drone attacks on Russian refineries may curb output, offering support to HSFO crack spreads.

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



Fujairah dob VLSFO diff. to VLSFO fob Singapore *$/t*



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Demand

Fujairah bunker demand falls marginally on year

Demand for bunker fuels in Fujairah fell by less than 1pc on the year to 613,400t in August, reaching a four-month high. This was entirely driven by VLSFO, which accounts for the majority of demand at the port, as demand for both HSFO and marine gas oil (MGO) rose on the year. Demand for VLSFO was down 2pc to 402,800t, making up 66pc of demand in August. MGO demand rose 5pc to 31,400t, while HSFO demand rose 1pc to 179,200t.

Supply

Saudi Arabia: less crude, but not more fuel oil

Power generation in Saudi Arabia predominantly relies on the consumption of natural gas, crude and fuel oil. The latest JODI data show the seasonal uptick in Saudi Arabia's direct crude burn for power generation dropped to less than 610,000 b/d in July, down by nearly 70,000 b/d on the month and 160,000 b/d on the year. But this does not necessarily mean higher demand for fuel oil. On the contrary, fuel oil consumption dropped to multi-month low at 560,000 b/d in July, almost 150,000 b/d down on the year, which may help explain why HSFO price has dropped since July.

Saudi government has been working towards the goal of re-shaping its power generation mix, hoping to totally curb the burning of all liquids by the end of the decade so more crude oil and refined products could be exported. What we have seen this summer may be suggesting some progresses have been made on shifting towards natural gas, and this could mean higher fuel oil supply availability moving forward.

Saudi imports of Russian HSFO break record in August

While the kingdom has made efforts to shift away from crude and fuel oil for power generation, imports of Russian HSFO reached a new record last month totalling 1.58mn t, accounting for over 90pc of Saudi imports in August, according to Vortexa data. This has led to a better supplied market, and is expected to add to the downward pressure on HSFO prices in the region. The latest round of Ukrainian drone attacks could start to limit Russian export capacity in October, but at the same time, the seasonal demand for power generation in Middle East will fall.

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