

Asia

- 0.5% very low sulfur fuel oil (VLSFO) with higher content of catalytic fines emerged in South Korea
- Delivered VLSFO marine fuel price remains higher than 0.1% low sulfur marine gasoil (LSMGO) in Singapore
- Delivered 380 CST marine fuel price climbed higher in Singapore

Europe

- Sales of the compliant 0.5% very low sulfur fuel oil (VLSFO) made more than a half of total bunker sales in Europe's largest port last month
- 0.5% VLSFO barges in Rotterdam weakened against gasoil to -102.50 from -94.50 on Friday but 3.5% HSFO barges kept supported
- Tight VLSFO availabilities reported in major Med ports

Americas

- VLSFO steady in Houston; New York Harbor sees small uptick
- Manzanillo and Veracruz, Mexico VLSFO \$225/mt below marine gasoil
- Phillips 66-chartered ship headed to NYH with VGO; Aramco-chartered vessel bringing FO to Houston

SINGAPORE BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	587.81	588.31	588.057	2.126
0.5% VLSFO	590.35	590.85	590.595	-0.234
HS 380 CST	304.66	305.16	304.913	29.472

ROTTERDAM BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
DMA	562.00	567.00	564.500	2.000
0.5% VLSFO	506.00	511.00	508.500	5.750
HS 380 CST	250.00	255.00	252.500	5.000

HOUSTON BUNKERS (\$/mt ex-wharf)

PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	-- --	605.00	615.00	610.000	-5.000
0.5% VLSFO	-40.84	565.00	570.00	567.500	0.000
HS 380 CST	-- --	350.00	360.00	355.000	0.000

* Diff to Front Month NYMEX ULSD Futures Price as Displayed on Page 7

0.5% Very Low Sulfur Fuel Oil (\$/mt)

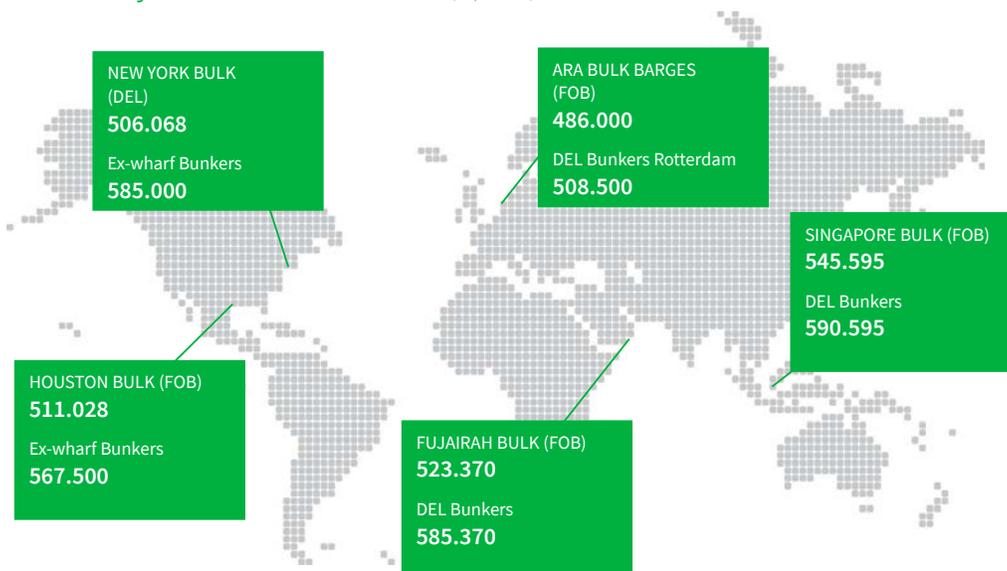


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ASIA

Incompatible 0.5% marine fuels surface

Two suppliers of 0.5% marine fuels in South Korea heard to have supplied incompatible 0.5% very low sulfur fuel oil (VLSFO), shipping companies said.

One supplier was due to total sediment potential (TSP) issue but has since rectified and resumed supply 0.5% VLSFO. While, the other supplier could catalyst issue, which was likely linked to its residue desulphuriser (RDS) bottom stability problem. Both incidents could not be confirmed, but this has led to an increase in demand for low-sulfur marine gasoil, market participants said.

VLSFO typically have a higher content of catalytic fines than high sulfur fuel oil (HSFO), which is from refining processes and the by-products blending with residual fuels to reduce their sulfur content.

The catalytic fines and high abrasives can damage the piston cylinder in the ship engine, a fuel procurement manager at a shipping company said. The maximum permissible of catalytic fines in marine fuels is 60mg/kg of aluminium and silicon. While, the total maximum mass sediment is capped at 0.10%.

SINGAPORE BULK FUEL (FOB)

PRODUCT (\$/mt)	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
0.5% VLSFO	---	545.35	545.85	545.595	9.766
380 CST HSFO	2.11	249.66	250.16	249.913	11.472

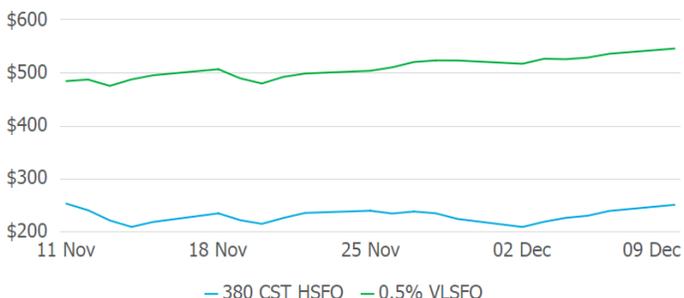
PRODUCT (\$/bbl)	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
0.5% VLSFO	---	81.37	81.45	81.408	1.457
380 CST HSFO	0.33	39.32	39.40	39.356	1.807

* Cash mean differential to swaps

FUJAIRAH BULK FUEL (FOB)

PRODUCT	LOW	HIGH	MEAN	CHANGE
0.5% VLSFO (\$/mt)	523.12	523.62	523.370	9.766
0.5% VLSFO (\$/bbl)	78.05	78.13	78.092	1.457

30-DAY PRICES FOR SINGAPORE BULK VLSFO (\$/mt FOB)



SINGAPORE BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	587.81	588.31	588.057	2.126
0.5% VLSFO	590.35	590.85	590.595	-0.234
HS 380 CST	304.66	305.16	304.913	29.472

FUJAIRAH BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	685.62	686.12	685.867	0.131
0.5% VLSFO	585.12	585.62	585.370	-0.234

CHIBA BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	737.81	738.31	738.057	---
0.5% VLSFO	665.35	665.85	665.595	---

BUSAN BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	644.81	645.31	645.057	---
0.5% VLSFO	613.35	613.85	613.595	---

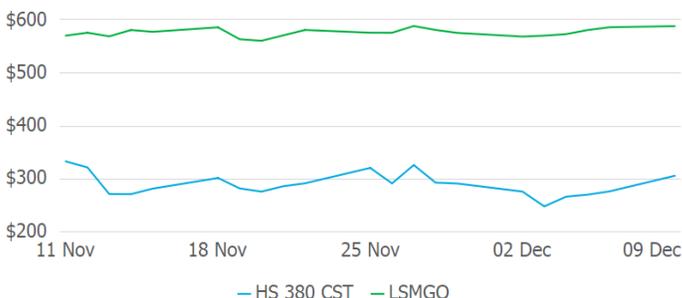
KAOHSIUNG BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	684.81	685.31	685.057	---
0.5% VLSFO	635.35	635.85	635.595	---

ZHOUSHAN BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	687.81	688.31	688.057	---
0.5% VLSFO	605.35	605.85	605.595	---

30-DAY PRICES FOR SINGAPORE BUNKERS (\$/mt delivered)



EUROPE

VLSFO accounts for half of Nov Rotterdam bunker sales

DMA differentials in ARA were subdued Monday, together with VLSFO. While HSFO firmed up again, outpacing Brent gains for the closing value.

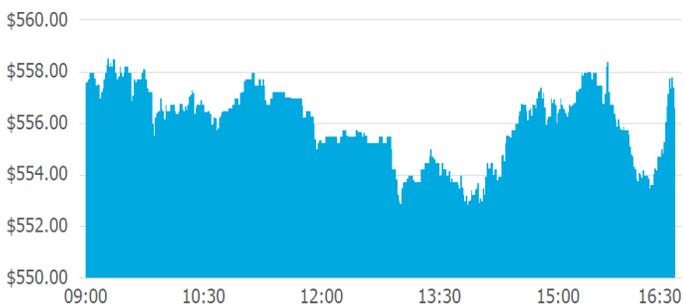
Sales of the compliant 0.5% very low sulfur fuel oil (VLSFO) made more than a half of total bunker sales in Europe's largest port last month, according to estimates from Port of Rotterdam.

VLSFO sales have increased sharply over the past two months from 1.7 tons in September to 32,000 tons in October to 95,000 tons in November. This means that the VLSFO percentage within total fuel oil sales grew from 1.8% in September to 51.6% in November.

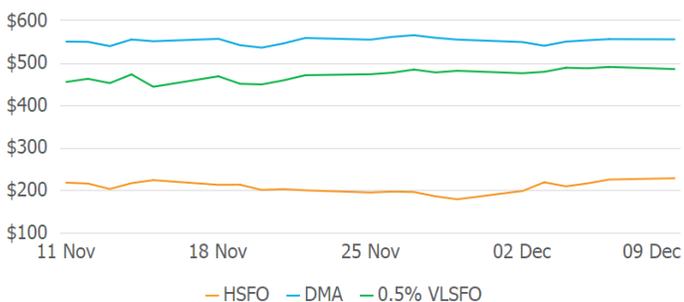
In refinery news, Europe's largest refinery, the 404,000-b/d Shell Pernis plant near Rotterdam, has taken a unit offline after a crude spill, Shell said early on Sunday.

In the Mediterranean, sources reported very tight product availabilities in Piraeus, Malta and Gibraltar.

OPIS450 FULL-DAY PRICE FLUCTUATION FOR ARA BULK DMA (\$/mt FOB Barge)



30-DAY PRICE FOR ARA BULK (\$/mt FOB Barge)



ROTTERDAM BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
DMA	562.00	567.00	564.500	2.000
0.5% VLSFO	506.00	511.00	508.500	5.750
HS 380 CST	250.00	255.00	252.500	5.000

ANTWERP BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
DMA	572.00	577.00	574.500	---
0.5% VLSFO	516.00	521.00	518.500	---
HS 380 CST	260.00	265.00	262.500	---

HAMBURG BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
DMA	577.00	582.00	579.500	---
0.5% VLSFO	521.00	526.00	523.500	---
HS 380 CST	265.00	270.00	267.500	---

ISTANBUL BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	625.00	630.00	627.500	---
0.5% VLSFO	700.00	705.00	702.500	---
HS 380 CST	325.00	330.00	327.500	---

GIBRALTAR BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	640.00	645.00	642.500	---
0.5% VLSFO	563.00	568.00	565.500	---
HS 380 CST	337.00	342.00	339.500	---

PIRAEUS BUNKERS (\$/mt delivered)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LSMGO	630.00	635.00	632.500	---
0.5% VLSFO	575.00	580.00	577.500	---
HS 380 CST	367.00	372.00	369.500	---

ARA BULK BARGES (FOB)

PRODUCT (\$/mt)	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
DMA	-29.50	552.86	558.56	556.032	-0.478
0.5% VLSFO	-100.25	482.00	490.00	486.000	-5.010
HSFO	-- --	228.00	229.00	228.500	3.000
PRODUCT (\$/bbl)	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
DMA	-4.17	78.23	79.04	78.680	-0.068
0.5% VLSFO	-15.79	75.91	77.17	76.535	-0.789
HSFO	-- --	35.91	36.06	35.984	0.472

* Diff to Front Month ICE LS Gasoil Futures Prices as Displayed on Page 7

MEDITERRANEAN BULK CARGOES (CIF)

PRODUCT (\$/mt)	LOW	HIGH	MEAN	CHANGE
0.5% VLSFO	481.50	483.50	482.500	-- --
HSFO	224.00	226.00	225.000	-- --
PRODUCT (\$/bbl)	LOW	HIGH	MEAN	CHANGE
0.5% VLSFO	75.83	76.14	75.984	-- --
HSFO	35.28	35.59	35.433	-- --

NWE BULK CARGOES (CIF)

PRODUCT (\$/mt)	LOW	HIGH	MEAN	CHANGE
DMA	556.75	560.75	558.750	-- --
0.5% VLSFO	484.00	492.00	488.000	-- --
HSFO	230.00	231.00	230.500	-- --
PRODUCT (\$/bbl)	LOW	HIGH	MEAN	CHANGE
DMA	78.78	79.35	79.065	-- --
0.5% VLSFO	76.22	77.48	76.850	-- --
HSFO	36.22	36.38	36.299	-- --

AMERICAS**Americas open week mixed; Analysts closely watching fuel spreads**

Marine fuels were mixed across the Americas with the wider energy complex lending little guidance. Gulf Coast values were flat to lower, with both MGO and VLSFO falling in Houston and New Orleans on the back of weaker values. VLSFO was heard in the \$565/mtw in Houston and in the low \$600s in NOLA.

On the U.S. East Coast, New York Harbor VLSFO was heard higher by \$5/mt to \$585/mtw, while MGO was indicated lower by \$20/mt to \$625/mtw, and 380 CST higher by \$3.50/mt to \$378/mtw.

U.S. West Coast 380 CST in Los Angeles was unchanged in the low-to-mid \$480s, while Seattle was assessed lower to sub \$300/mtw. MGO was flat in Seattle at \$615-625/mtw, with no price movements heard. Los Angeles MGO was assessed \$10/mt lower to \$600-610/mtw.

Shipping analysts are watching closely the VLSFO-HSFO spread as the IMO 2020 deadline fast approaches.

Arctic Securities over the weekend said it believes "Q1 will be all about refinery demand as new IMO regulations kick off. Hence, we are encouraged by recent improvement in VLSFO spreads, but it is early days yet and that game remains wide open."

Further, Clarksons Platou in a Monday note said that the "spread between both fuels has gained in Singapore, the busiest bunkering hub, with HSFO priced at ~\$310/ton compared to \$575/ton for VLSFO. This \$265/ton spread is the highest we have seen between high- and low-sulfur blends in several years."

HOUSTON FUEL BTU INDICATOR

PRODUCT	API	BTUs/bbl	BTUs/mt	MEAN (\$/bbl)	MEAN (\$/mt)	BTUs/\$
GC ULSD	30	5,880,000	42,303,660	77.729	579.084	73,053
0.5% VLSFO	25	5,989,200	41,755,505	84.676	567.500	73,578
HS 380 CST	11.3	6,246,000	39,633,993	55.906	355.000	111,645

* General Indication of the number of BTUs per US dollar spent for various grades of fuel based on API.

AMERICAS BUNKERS (\$/mt ex-wharf)

HOUSTON					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	605.00	615.00	610.000	-5.000
0.5% VLSFO	-40.84	565.00	570.00	567.500	0.000
HS 380 CST	---	350.00	360.00	355.000	0.000

NEW ORLEANS					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	620.00	630.00	625.000	-10.000
0.5% VLSFO	-3.34	600.00	610.00	605.000	-10.000
HS 380 CST	---	385.00	395.00	390.000	-2.500

NEW YORK					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	620.00	630.00	625.000	-20.000
0.5% VLSFO	-23.34	583.00	587.00	585.000	5.000
HS 380 CST	---	376.00	380.00	378.000	5.500

PHILADELPHIA					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	625.00	635.00	630.000	---
0.5% VLSFO	-23.34	583.00	587.00	585.000	---
HS 380 CST	---	382.00	386.00	384.000	---

NORFOLK					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	645.00	655.00	650.000	---
0.5% VLSFO	-3.34	600.00	610.00	605.000	---
HS 380 CST	---	426.00	430.00	428.000	---

SAVANNAH					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	640.00	650.00	645.000	-15.000
0.5% VLSFO	1.66	605.00	615.00	610.000	-5.000
HS 380 CST	---	415.00	419.00	417.000	-30.500

SEATTLE					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	615.00	625.00	620.000	0.000
0.5% VLSFO	-35.84	570.00	575.00	572.500	-5.000
HS 380 CST	---	280.00	285.00	282.500	-20.000

AMERICAS BUNKERS - CONTINUED (\$/mt ex-wharf)

LOS ANGELES					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	600.00	610.00	605.000	-10.000
0.5% VLSFO	-33.34	570.00	580.00	575.000	-5.000
HS 380 CST	---	480.00	485.00	482.500	0.000

PANAMA					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	645.00	655.00	650.000	-5.000
0.5% VLSFO	6.66	610.00	620.00	615.000	0.000
HS 380 CST	---	347.00	357.00	352.000	-3.000

VANCOUVER					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	640.00	645.00	642.500	---
0.5% VLSFO	-65.84	540.00	545.00	542.500	---
HS 380 CST	---	275.00	280.00	277.500	---

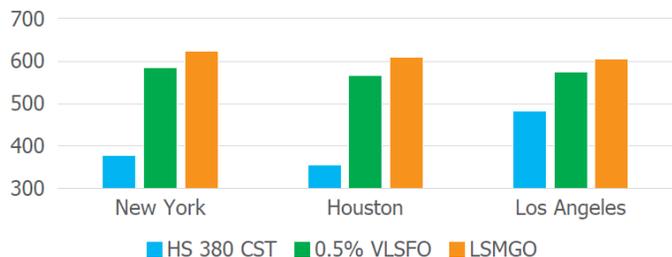
MANZANILLO					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	1195.00	1205.00	1200.000	---
0.5% VLSFO	366.66	970.00	980.00	975.000	---
HS 380 CST	---	385.00	395.00	390.000	---

VERACRUZ					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	1195.00	1205.00	1200.000	---
0.5% VLSFO	366.66	970.00	980.00	975.000	---
HS 380 CST	---	385.00	395.00	390.000	---

VALPARAISO					
PRODUCT	BASIS DIFF*	LOW	HIGH	MEAN	CHANGE
LSMGO	---	836.00	846.00	841.000	---
0.5% VLSFO	70.66	677.00	681.00	679.000	---
HS 380 CST	---	471.00	475.00	473.000	---

* Diff to Front Month NYMEX ULSD Futures as Displayed on Page 7

BUNKER FUELS vs LSMGO (\$/mt ex-wharf)



AMERICAS BARGE RATES (\$/mt)

LOCATION	LOW	HIGH
Houston	11.00	20.00
New Orleans	10.50	19.00
New York	8.25	15.00
Philadelphia	9.00	16.00
Norfolk, VA	9.90	18.50
Savannah	9.90	18.00
Los Angeles	13.00	20.00
Seattle	12.50	18.50
Panama	10.25	18.75
Vancouver, BC	11.25	18.75
Manzanillo	12.45	18.50
Veracruz	12.45	18.50
Valparaiso	12.25	19.25

* Typical Barge Rates for Parcels of 600-1600mt

OPIS Benchmark Rack ULSD

OPIS GROSS TERMINAL ULTRA LOW SULFUR DISTILLATE PRICES

LOCATION	RACK LOW (\$/gal)	RACK LOW (\$/mt)	DIFF TO NYMEX* (\$/gal)	DIFF TO NYMEX* (\$/mt)	RACK AVG (\$/gal)	RACK AVG (\$/mt)	DIFF TO NYMEX* (\$/gal)	DIFF TO NYMEX* (\$/mt)
Houston**	1.8983	593.978	-0.0459	-14.362	1.9554	611.845	0.0112	3.504
New York	2.0395	638.160	0.0953	29.819	2.0659	646.420	0.1217	38.080
Philadelphia	1.9961	624.580	0.0519	16.240	2.0272	634.311	0.0830	25.971
Norfolk	1.9521	610.812	0.0079	2.472	1.9900	622.671	0.0458	14.331
New Orleans	1.8785	587.783	-0.0657	-20.558	1.9214	601.206	-0.0228	-7.134
Los Angeles***	1.8412	576.111	-0.1030	-32.229	1.8999	594.479	-0.0443	-13.861
Seattle	1.8550	580.430	-0.0892	-27.911	1.9080	597.013	-0.0362	-11.327
Detroit	2.0915	654.430	0.1473	46.090	2.1354	668.167	0.1912	59.826
Vancouver	2.3047	721.141	0.3605	112.800	2.3069	721.829	0.3627	113.489

* Diff to Front Month Nymex ULSD Settle

** ULSD LED

*** CARB ULSD (adjusted to exclude CAR)

HOUSTON BULK FUEL (FOB)

PRODUCT (\$/bbl)	DIFF*	LOW	HIGH	MEAN	CHANGE
0.5% VLSFO	-5.41	74.25	78.25	76.250	-0.140
3% HSFO	---	39.40	39.50	39.450	-0.200

PRODUCT (\$/mt)	DIFF*	LOW	HIGH	MEAN	CHANGE
0.5% VLSFO	-97.31	497.62	524.43	511.028	-0.938
3% HSFO	---	250.19	250.83	250.508	-1.271

BASIS NEW YORK HARBOR BULK FUEL (DELIVERED)

PRODUCT (\$/bbl)	DIFF*	LOW	HIGH	MEAN	CHANGE
0.3% ULSFO	---	81.90	82.00	81.950	1.250
0.5% VLSFO	-6.15	73.51	77.51	75.510	-0.049
1% SFO	---	66.70	66.80	66.750	1.250
3% HSFO	---	47.25	47.35	47.300	1.250

PRODUCT (\$/mt)	DIFF*	LOW	HIGH	MEAN	CHANGE
0.3% ULSFO	---	560.20	560.88	560.538	8.550
0.5% VLSFO	-102.27	492.66	519.47	506.068	-0.327
1% SFO	---	423.55	424.18	423.863	7.939
3% HSFO	---	300.04	300.67	300.355	7.937

* Diff to Front Month NYMEX ULSD Futures as Displayed on Page 7

U.S. GULF COAST FOB LNG (\$/MMBtu)

	1-15 DAY 12/10-12/24	16-30 DAY 12/25-01/08	31-45 DAY 01/09-01/23	46-60 DAY 01/24-02/07
Differential	1.552	1.496	1.525	1.475
NG Price	2.135	2.232	2.234	2.234
Assessment	3.687	3.728	3.759	3.709

U.S. GULF COAST LIGHT CYCLE OIL (\$/gal)

PRODUCT	LOW	HIGH	MEAN	CHANGE
LT Cycle Oil	1.81	1.81	1.812	-0.008
LS LT Cycle Oil	1.83	1.84	1.834	-0.008

OPIS SPOT ULSD

LOCATION	MEAN (\$/gal)	MEAN (\$/mt)	DIFF TO NYMEX (\$/gal)	DIFF TO NYMEX (\$/mt)
Gulf Coast	1.8507	579.084	-0.0935	-29.256
New York Harbor Barge	1.9442	608.340	0.0000	0.000
Los Angeles*	1.8542	580.179	-0.0900	-28.161
Pacific Northwest	1.8942	592.695	-0.0500	-15.645

* ULS No.2

Energy Futures

ICE BRENT 16:30 SINGAPORE MARKER (\$/bbl)

MONTH	PRICE	CHANGE
February	64.10	0.68
March	63.11	0.59
April	62.34	0.53

ICE BRENT 16:30 UK MARKER (\$/bbl)

MONTH	PRICE	CHANGE
February	64.29	0.12

ICE BRENT SETTLE (\$/bbl)

MONTH	PRICE	CHANGE
February	64.25	-0.14
March	63.28	-0.11
April	62.54	-0.08

ICE LS GASOIL SETTLE (\$/mt)

MONTH	PRICE	CHANGE
December	586.25	-1.00
January	586.75	-1.00
February	587.50	-0.75

NATURAL GAS (\$/mmBtu)

MONTH	PRICE	CHANGE
January	2.232	-0.102
February	2.234	-0.085
March	2.193	-0.056

NYMEX WTI CRUDE OIL (\$/bbl)

MONTH	PRICE	CHANGE
January	59.0200	-0.1800
February	58.9200	-0.1800
March	58.6400	-0.1400

NYMEX ULSD (cts/gal)

MONTH	PRICE	CHANGE
January	194.4200	-0.7900
February	194.3300	-0.8100
March	193.6300	-0.7000

ASIA PRODUCTS

HANWEI WU
 +(65) 6439 6284
 ICE IM: hwu
 hanwei.wu@ihsmarkit.com

THOMAS CHO
 +(65) 6439 6293
 ICE IM: thcao
 thomas.cho@ihsmarkit.com

EUROPE PRODUCTS

PADDY GOURLAY
 +44 (0) 7595 117236
 ICE IM: paddygourlay
 patrick.gourlay@ihsmarkit.com

NANDITA LAL
 +44 (0) 7947 249973
 ICE IM: nlal12
 nandita.lal@ihsmarkit.com

AMERICAS PRODUCTS

TOM SOSNOWSKI
 +1 646.657.5109
 ICE IM: tsosnowski1
 thomas.sosnowski@ihsmarkit.com

ROBERT SHARP
 +1 713.828.2145
 ICE IM: rsharp3
 robert.sharp@ihsmarkit.com

OFFICES

ASIA
 8 Marina View
 Asia Square Tower 1, #12-01
 Singapore 018960

EUROPE
 4th floor Ropemaker Place
 25 Ropemaker Street
 London EC2Y 9LY

AMERICAS
 1401 Enclave Parkway, Suite 500
 Houston, TX 77077
 Tel: +1 301.284.2000

SUBSCRIPTION INFORMATION

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For complete methodology, visit www.opisnet.com/about/methodology

Bulk Residual Fuel Lower on the Day

In bulk residual fuel oil trading, January WTI settled \$0.18/bbl lower today. Gulf Coast residual fuel values retreated by approximately the same amount while East Coast residual fuel values firmed by \$1.25/bbl.

In the East Coast market: OPIS today assessed 1% sulfur resid at \$66.70-\$66.80/bbl based on reports of 1% sulfur resid trading at \$66.75/bbl.

In the Gulf Coast market: In the absence of reported spot market activity, OPIS today assessed Gulf Coast 3% sulfur resid slightly lower at \$39.40-\$39.50/bbl based on lower swaps values.

Swaps on the East Coast for 1% sulfur were last seen at December \$65.55/bbl (down \$0.15/bbl), January \$64.30/bbl (down \$0.15/bbl) and February \$63.40/bbl (down \$0.15/bbl). Swaps on the Gulf Coast for 3% sulfur were last seen at December \$37.90/bbl (down \$0.20/bbl), January \$35.80/bbl (down \$0.30/bbl) and February \$36.05/bbl (down \$0.20/bbl).

MSC Turns to Biofuel Bunkers for Rotterdam Vessels

MSC Mediterranean Shipping Company started using biofuel in vessels calling in Rotterdam, the Netherlands, the company recently touted.

The world's second-largest shipping company began to use 30% blend fuels after completing trials with minimal 10% blend fuel, the company said.

"When using such blended fuel, we can expect an estimated 15-20% reduction in absolute CO2 emissions," said Bud Darr, Executive Vice President, Maritime Policy and Government Affairs, MSC Group, in a release, adding the "potential CO2 reduction in the bio component of these fuels could reach 80-90%, which we will monitor and confirm over time. "

The use of biofuels is one component in the company's approach to sustainability. The company installed exhaust-cleaning devices on close to 20% of its fleet in preparation for the International Maritime Organization's 2020 low-sulfur rule changes. MSC fleet includes 510 cargo ships.

The scrubbers could allow companies to burn cheaper bunker fuel and recoup costs associated with the installation if the price spread between low- and high-sulfur fuels is around \$200/ton. The current spread between the two fuels in the Rotterdam spot market is over \$300/mt.

The switch to bunkers derived from biofuels is being embraced by other shipping companies.

Last week, the Danish shipping company Norden announced a partnership with Kvasir Technologies, which has developed a technology that produces fuel from plant materials. The

collaboration is expected to last 3.5 years and will involve a full-scale test of the biofuel on a Norden vessel during the later phase of the testing. Kvasir Technologies was spun out of the Technical University of Denmark. --Eric Wieser, eric.wieser@ihsmarkit.com

BofA Expects \$70/bbl Brent Before Q2 2020

OPEC and its allies' compliance to their agreed-upon lower output and Saudi Arabia's commitment to keep production significantly down should lift Brent crude prices above \$70/bbl before the second quarter of 2020, said Bank of America's commodity analysts.

Still, the bank said the group called for several member countries including Iraq which were unable to deliver on previous quotas to reduce output further, casting doubt over the reliability of the overall compliance levels in the entirety of 2020.

OPEC and its allies, a group of more than 20 oil producers known as OPEC+, agreed last Friday to cut output by an additional 500,000 b/d to take their collective target to 1.7 million b/d through the first quarter of 2020.

Bank of America said Saudi Energy Minister Prince Abdulaziz bin Salman's vow to carry on its sizable output cuts in a bid to bolster prices should provide solace to those concerned about OPEC+'s ability to comply with the new and lower quotas.

At a post-meeting press conference Friday, the Saudi energy minister said he confirmed the Kingdom's plan to cut more than its quota by another 400,000 b/d, bringing the OPEC+ cut total as high as 2.1 million b/d.

The bank forecast a surplus of 700,000 b/d in the first quarter of 2020, and in an optimistic scenario, where OPEC members of the agreement meet the agreed targets, inventory builds would be reduced by around 200,000 b/d.

Riyadh will be closely watching compliance levels and will review market conditions in the March 2020 meeting. If other members are producing above their targets, Saudi Arabia may opt to boost its output to its agreed quota levels, according to the bank.

"Strong compliance, coupled with other positive economic developments, such as a pick-up in global inventory restocking and a small U.S.-China trade deal, could push Brent to our \$70/bbl price target," Bank of America said. --Frank Tang, ftang@opisnet.com