

Navigating Choppy Waters

An IHS Markit multi-client study on marine bunker fuel in a low sulfur, low carbon world

Initial Findings






We have analysed ship design improvements, including slow-steaming, global economics and used ship tracking to produce the most accurate forecast of bunker fuel demand.

Global bunker fuel demand around **5%** of total oil demand, and actual sulfur level content is considerably lower than the **3.5%** maximum specification.

About **40%** of the world's bunker fuel demand is in Asia, with Singapore being by far the world's largest bunker fuel demand hub.

Uncertain legislation, unproven reliability and payback concerns have been hindering scrubber investments.

IHS Markit expects **2,000** in-service scrubber ships by end-2019, but still well below the IMO forecast of **3,800**.

Non-compliance in 2020 is far more complex than just cheating and the potential carriage ban is an important influence on compliance.

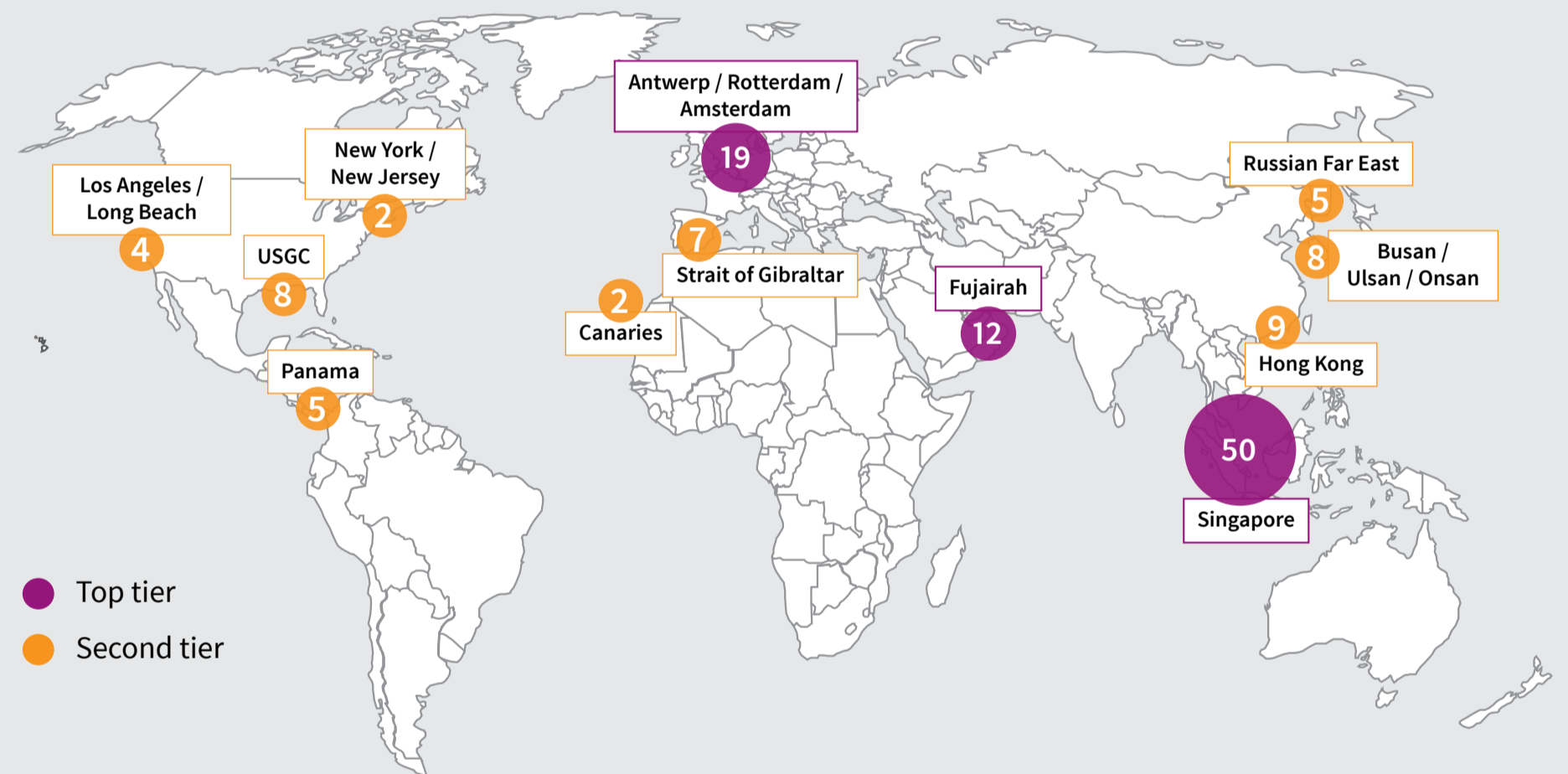
We have carefully analysed the emission control area (2015) bunker transition because we feel this will provide strong clues on how IMO 2020 will play out.

Although **2.5** MMb/d of new vacuum residue destruction capacity is expected by end-2021, only **1.4** MMb/d is expected by end-2019.

Our provisional base case for IMO 2020 indicates some high-sulfur residue excess, having to either go into storage or be sold into power generation.

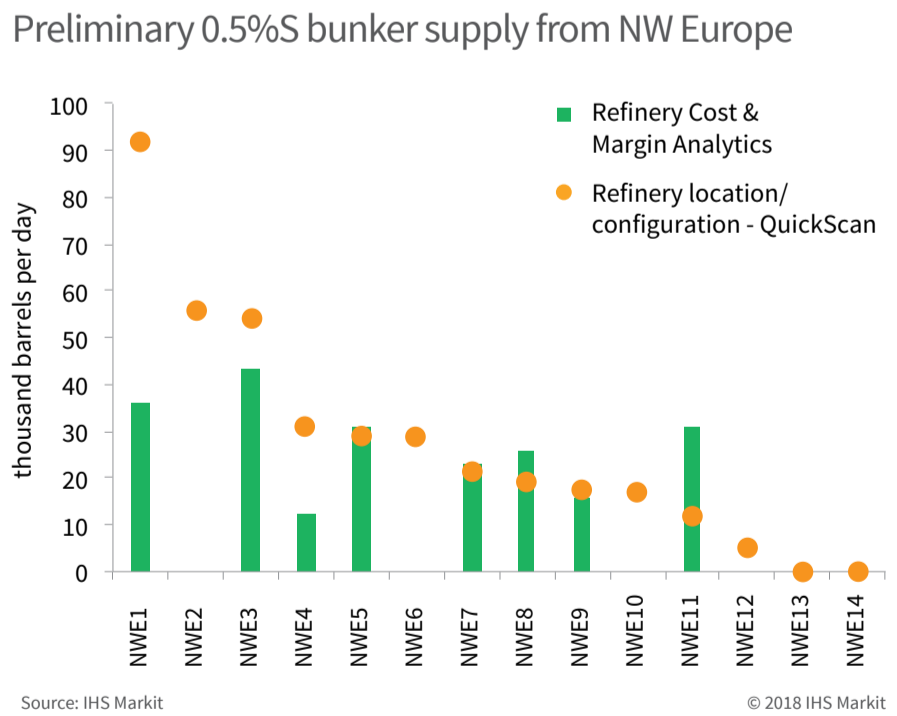
In 2020, the price of **0.5%** is expected to rise to a point sufficient to incentivize the necessary production from refineries.

The 10 largest bunker ports together account for about half the world's international bunker fuel demand

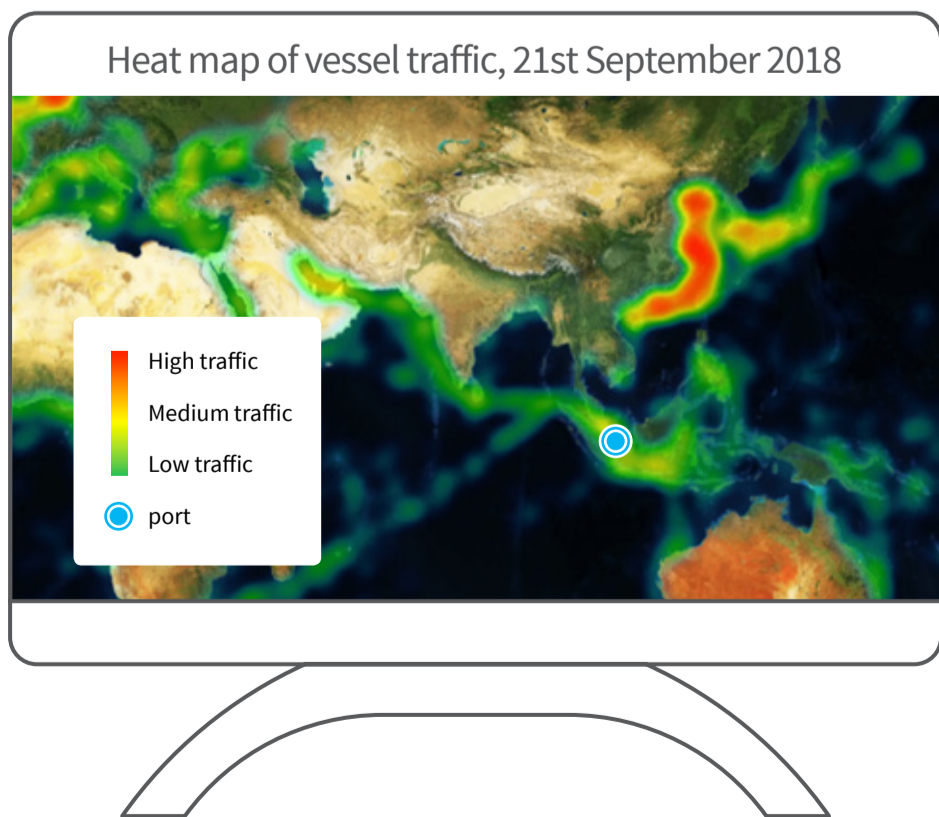


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Refinery-by-refinery analysis of the world's **500+** refineries indicates that around **550,000** b/d potential non-gasoil **0.50%S** bunker production in 2020 might come from Europe



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We have enhanced the accuracy of our bunker fuel demand forecast using historic ship tracking data, this forecast is critical for forecasting the IMO 2020 impact

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