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Market adjustments for bunkering sector next six months, says Sing Fuels MD

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There is “no doubt” the bunkering industry will be subjected to market adjustments after 1 January 2020, says the Managing Director, Bunkers, of Singapore-based global energy trading company Sing Fuels Pte Ltd.

Sonnich Thomsen was giving a presentation at the Bunker Fuel & Ballast Water Compliance Conference & Workshop (BuBWCE) when he forecasted the changes IMO 2020 introduces to the marine fuels sector.

“It will be a bumpy ride for the next six months, no doubt about it. However, we very much expect things to stabilise and settle after that,” he told delegates at the Conference Connection organized event.

“We are expecting more claims for low sulphur fuel oil (LSFO) and trading firms will need to help clients in doing everything possible to minimize or avoid these situations. This by having a diligent approach to quality testing, sample handling, claims mitigation etc.
“Everyone in the industry is familiar with trading and handling high sulphur fuel oil (HSFO) but IMO 2020 will introduce a variety of different grades around the world. One of the trading firm’s role will be to collect vital information and know-how from global suppliers about the types and quality of fuels they are supplying and advise clients accordingly.”

“Traders will have to be extremely professional and function as advisors by being the global eyes and ears on the ground for shipowners. There will also no doubt be an increased liquidity mismatch which trading houses can bridge as suppliers looking for shorter payment terms while customers looking for extended terms.

“Lastly trading firms will play an important part in covering the credit line needs for global customers as the bunker prices are set to increase. Estimations show as much as $4-5 billion worth of credit lines will be short in the bunker industry post 2020. Trading firms will play an important role in bridging this gap going forward.

Photo credit: Sing Fuels
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