



Argus Marine Fuels IMO-Compliant Fuel Oil at Panama

Bunker pricing for an emerging market

What has Argus launched?

An IMO-compliant 0.5% sulphur fuel oil price assessment for bunkering at either end of the Panama Canal. Launched on 10 June 2019.

Why Panama?

Panama – through its main port on the Pacific coast, Balboa, and its main port on the Atlantic coast, Cristobal – is the biggest bunkering hub in Latin America. Following the completion of the expansion of the Panama Canal in mid-2016, the canal is now able to accommodate the passing of Neopanamax-size vessels which consume more marine fuel. As a result, Panama’s residual bunker fuel sales surpassed 4.20mn t a year in 2017 and marine gasoil sales surpassed 420,000t in 2018. Panama also is often the cheapest bunkering location in Latin America for both fuel oil and MGO, because of its readily available oil tank storage and strong competition from 10 bunker suppliers importing cheap high-sulphur residual fuel oil from the US Gulf, Mexico, Colombia, Peru, Ecuador and more. In 2020, the bulk of Panama’s residual fuel oil demand is expected to shift to 0.5% sulphur marine fuel. Local marine fuel suppliers are looking for low-sulphur residual fuel oil product to import or blend their own fuel in tanks in Panama. BP, which is not currently a supplier in Panama has announced that it will start marketing 0.5% sulphur fuel in Cristobal and Balboa.

What are the specifications of the price assessment?

Argus’ new assessments are for 0.5% sulphur fuels meeting the ISO RMG380 quality standards. New ISO standards are still under discussion, and in the world of 0.5% sulphur fuels, many “limiting” specs are no longer constraints on the market. Most blends come in well below existing viscosity and density maximums, many of them meeting the 80cst viscosity “RMD” standard. Meanwhile, ship operators worry that loose density and viscosity standards will allow non-bunker–suitable material to find its way into the bunker pool. Argus will expect to tighten, adjust and focus quality specifications as the industry standard and market-traded fuel qualities emerge.

The Panama price assessment is for ex-wharf deliveries ranging between 200-1,200t. It will be published daily in \$/t. The delivery timing is 3-7 days ahead.

Why now?

The IMO 2020 regulation will cap marine fuel sulphur content at 0.5%, down from current levels of 3.5%. Even though the requirements do not take effect until 1 January 2020, and the market is not trading yet, refineries and blenders have been testing compliant fuels since the end of 2018 and have a good idea of what they can offer to their shipping customers. The new price will provide guidance to ship owners and ship charterers who bunker in Panama and are looking for price reference to decide on their bunkering strategy for 2020.

How does Argus assess the market?

Argus has decades of experience pricing emerging fuels markets. To establish the price of 0.5% sulphur marine fuels, we survey Panama bunker suppliers and traders about their indications and deals, as well as use a combination of blend calculations and statistical correlations. For more information on our methodologies, visit www.argusmedia.com/en/oil-products/argus-marine-fuels.

Where do I find the prices?

The price is published in the daily [Argus Marine Fuels](#) report and will show in the Argus database as “Fuel oil bunker 0.5% 380cst Panama ex-wharf”.

What other IMO-compliant fuel assessments do Argus publish?

Argus publish price assessments for Low Sulphur Fuel Oil (LSFO) in other key ports around the world, including; Los Angeles, the US Gulf Coast, New York, Houston, ARA, St Petersburg and Ust Luga, Novorossiysk, Fujairah, Singapore and Zhoushan.

Where can I find out more about IMO2020?

For the latest news, insight and market activity related to the IMO’s 0.5% sulphur cap, visit the Argus Hub page: www.argusmedia.com/imo2020

We welcome your methodology and price assessment inquiries on marinefuels@argusmedia.com.