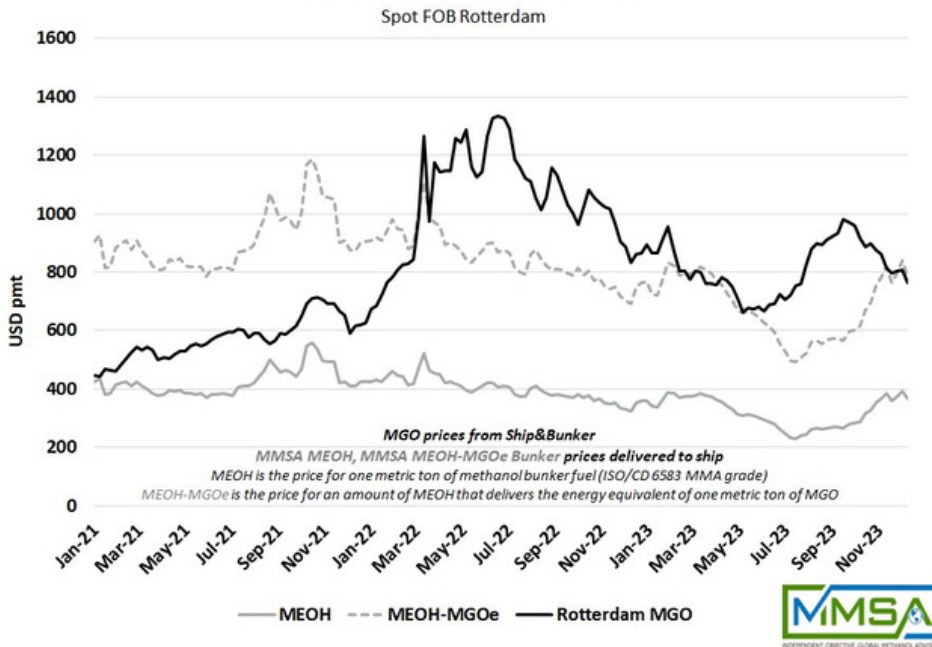


MMSA Methanol Notes™

Thursday, December 14, 2023

MMSA has developed prices for conventional methanol bunkers and conventional methanol energy equivalents in the major global bunkering ports. These prices can be compared to values for marine gas oil (MGO) and very low sulfur fuel oil (VLSFO) for reference. Findings to date indicate that location and fuel type have an impact on relative affordability.

Methanol Bunkers vs MGO



The chart at left compares conventional methanol bunker prices (MMSA MEOH and MMSA MEOH-MGOe) against MGO in Rotterdam. MEOH is represented by the gray line, and is the cost in US dollars per metric ton for the methanol fuel. The dashed gray line shows the energy adjusted value of methanol – the price in US dollars per metric ton for the quantity of conventional methanol that delivers the energy equivalent of a metric ton of MGO.

The methanol prices are updated by MMSA weekly. The black line represents the Rotterdam MGO price in US dollars per metric ton as quoted by Ship and Bunker averaged for the week. Similarly, the chart below shows MEOH and MEOH-VLSFOe versus VLSFO in Fujairah.

MMSA's markers for MEOH, MEOH-MGOe, and MEOH-VLSFOe are available for Singapore, Houston, Rotterdam, and Fujairah (total of eight). These four locations currently supply approximately 80 percent of the world's marine bunker needs. The values consider current spot values of methanol in major ports plus premia related accounting for local bunkering costs including dock fees, barge costs, throughput, and other adjustments.

MMSA is of the opinion that eventually, stripping away other requirements such as carbon intensity and or other combustion emission properties, cost per unit of power delivered will be a strong component of fuel selection. Thus, the relationship between the green and black lines are the most important features of these charts,

reflecting the relative affordability of conventional methanol against marine fuels. When the green line is below the black line, methanol has a cost advantage, and vice versa. At the moment, conventional methanol prices have a very different set of determinants than marine fuels, and thus often move in different directions. For instance, in Rotterdam, after a patch from May through October where methanol was highly affordable (and perhaps even favored – i.e. the dashed gray line below the black line), recent price strength has leveled the playing field between the fuels. However, in Fujairah, which sees the highest VLSFO prices and lowest methanol bunker values, methanol remains a potentially competitive alternative marine fuel. Relationships for the other 6 combinations are also available and being updated weekly. MMSA is glad to discuss methodology and assumptions with clients; the information is now available [using this link](#).

Methanol Bunkers vs VLSFO

