IMO2020 Sulphur Cap scenarios

	Convergence	Status quo	Disruption
Scenario	Minor widening of spread with fuel oil prices remaining steady. Smooth transition.	HSFO price declines significantly and MGO price increases initially but tapers off as production starts to match demand. Bumpy transition.	Massive dive in HSFO price and MGO price is hiked up due to non-availability. Spread widens to a level above HSFO price. Rough transition.
Spread (HSFO - MGO)	0 - 100 USD per metric tonne	100 - 320 USD per metric tonne	>320 USD per metric tonne
Availability	Widely available and able to match demand.	Outages in minor ports and significant premiums required by bunker suppliers.	Massive non-availability and disruptions of compliant fuels. Heavy price premiums. Frequent cases of FONAR.
Opportunities and challenges	The commercial markets all benefit from the soft transition. Owners opting for compliants fuels might be in a better position due to a lower spread.	Scrubber-fitted ships have an advantage. Owners must manage and bunker their ships in ports with high availability.	Scrubber-fitted ships will have a massive advantage. Owners operating on compliant fuels will incur significant losses due to higher fuel costs.
Market implications	The industry is adequately prepared and can easily cushion against the minor impact. Potential losses are of minor significance. Short-term disruption.	Pressured operating margins for companies operating on compliant fuels. Medium-term disruption of ordinary market conditions.	Potential bankruptcies or consolidation of companies in distress. Long-term disruption of ordinary market conditions, where cost-cutting will remain key.

Source: BIMCO