

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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European and African bunker prices are sharply down with Brent as the new Covid-19 variant has triggered oil demand concerns, and VLSFO availability has improved in Scandinavia to ease prices further against regional ports.

Changes on the day from Friday, to 08.00 GMT today:

VLSFO prices down in Rotterdam (\$33/mt), Durban (\$32/mt) and Gibraltar (\$28/mt)

LSMGO prices down in Durban (\$38/mt), Gibraltar (\$31/mt) and Rotterdam (\$31/mt)

HSFO prices down in Gibraltar (\$36/mt) and Rotterdam (\$16/mt)

VLSFO supply has improved with replenishment off Skaw and in Gothenburg, sources say. Volumes had been running low in the previous two weeks amid a local refinery maintenance and less access to resupply. Bunker suppliers are now more able to accommodate prompt stems.

Skaw's VLSFO price premium over Rotterdam has narrowed to \$10/mt today, down from about \$30/mt in the middle of last week.

Bunkering in all of Malta's offshore bunkering areas has been called off with considerable delays expected, port agent MH Bland says. Conditions are forecast to remain rough until tomorrow afternoon. A lull on Wednesday and Thursday morning could allow suppliers to work through backlogs, before conditions are set to deteriorate and threaten more suspensions well into next week.

Bunkering remains suspended at outer anchorages in Las Palmas and Tenerife today, MH Bland says. Some barges are supplying at berth in Las Palmas, and one at the port's inner anchorage, which is typically more sheltered from rough weather, but also limited to only one vessel at a time.

Calmer conditions are forecast on Wednesday and could allow for bunkering to resume across the port's anchorages, before swells are set to rise again on Wednesday.

Heavy swells have also suspended deliveries at Tenerife's outer Zona II anchorage. A bunker barge is standing by at berth. Significant delays are expected across suppliers in Tenerife and Las Palmas.

Weather conditions are more favourable to bunkering in the Gibraltar Strait. There is slight congestion in Gibraltar this morning, with three vessels waiting to bunker with a supplier, according to MH Bland.

Brent

Front-month ICE Brent crude has come down by \$2.79/bbl on the day from Friday to 08.00 GMT today, when it traded at \$75.92/bbl.

The market was rocked on Friday by the discovery of a new Covid-19 variant, Omicron, in South Africa that is believed to be more transmissible than previous variants. A host of countries have temporarily banned flights to South Africa and other southern African countries. Brent made its biggest daily drop since April 2020.

Brent has recovered some today as the market refocuses attention to OPEC+. The group could opt to postpone its planned 400,000 b/d output increase for January when it meets for monthly policy talks on Thursday. A US-led release of Strategic Petroleum Reserves (SPR) will add more barrels to the market, and fresh Covid-19 concerns has weakening the demand outlook.

“OPEC+ probably has all the excuses it needs to hit the pause button on increasing production in December and awaiting further virus clarity,” OANDA analyst Kenny Fisher says.

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