

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

30/11/21

European and African bunker prices are sharply down as Omicron fears trigger further Brent selloffs.

Changes on the day to 08.00 GMT today:

VLSFO prices down in Rotterdam (\$19/mt), Gibraltar (\$15/mt) and Durban (\$4/mt)

LSMGO prices down in Durban (\$40/mt), Rotterdam (\$33/mt) and Gibraltar (\$29/mt)

HSFO prices down in Gibraltar (\$31/mt) and Rotterdam (\$25/mt)

Rotterdam's VLSFO price is down by \$110/mt since climbing to an all-time intraday high of \$617/mt on 26 October.

Gibraltar's price for the grade is down by \$90/mt since it reached yearly highs of \$628/mt on 25 October. Gibraltar's bunker prices remain elevated relative to Rotterdam, with its VLSFO premium ticking \$4/mt further up on the day, to \$35/mt.

Slight congestion remains in Gibraltar, where a supplier is running 4-8 hours behind schedule and three vessels are lined up to bunker today, port agent MH Bland says.

Gale and waves pushing 4 metres keeps bunkering suspended off Malta. Suppliers in the Canary Islands ports struggle with swells above two metres, limiting deliveries to inner anchorage and berths. Calmer conditions could allow for deliveries to resume in both areas from tomorrow, before another bout of unfavourable weather is forecast from Thursday.

Brent

Front-month ICE Brent has slumped further, coming off by \$4.43/bbl on the day, to \$71.49/bbl at 08.00 GMT today.

The futures contract is trading at its lowest intraday values since late August after vaccine maker Moderna told the Financial Times that current vaccines are unlikely to have the same efficacy against the recently discovered Omicron variant.

“There is no world, I think, where [the effectiveness] is the same level...we had with [the] Delta [variant],” Moderna chief executive Stéphane Bancel said.

Several countries have banned flights from southern African states, where the Omicron was first discovered. Japan, Morocco and Israel have banned foreign travellers from entering their countries altogether. Australia has pushed back reopening its borders by two weeks.

US President Joe Biden said Omicron is a “cause for concern, not panic”, saying a domestic lockdown is not on the cards now.

With a backdrop of extra barrels being added through a US-led release of strategic petroleum reserves, and the Omicron variant denting the oil demand outlook, OPEC and its allies, including Russia, could be swayed to hold back its planned 400,000 b/d supply increase for January.

“OPEC+ pushed their meetings to better assess the impact of the Omicron variant, which will most likely be followed by a delay in delivering an extra 400,000 barrels a day in January,” OANDA analyst Ed Moya said.

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association (“NFA”). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com