

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

1/12/21

Bunker prices have mostly made small gains on Brent in European and African bunkering hubs, and bunkering could partly resume off Malta today.

**Changes on the day to 08.00 GMT today:**

**VLSFO prices up in Rotterdam and Durban (\$6/mt) and Gibraltar (\$4/mt)**

**LSMGO prices up in Gibraltar (\$17/mt), Rotterdam and Durban (\$8/mt)**

**HSFO prices up in Rotterdam (\$11/mt) and Gibraltar (\$2/mt)**

Prompt bunker availability remains good in ARA and Gibraltar Strait ports, as well as in South African ports like Durban. The slight bunker congestion in Gibraltar at the start of the week has eased.

Gibraltar's LSMGO price has risen to a wider \$71/mt premium over Rotterdam with support from a higher-priced stem.

Bunkering is set to resume in two of Malta's offshore bunkering areas this afternoon, after suspensions for sustained periods since Thursday last week, port agent MH Bland says.

Areas 3 and 4 off Malta's east coast are currently more sheltered from the weather, with swells coming in from the west. Heavy delays are expected.

Outer anchorage bunkering remains suspended in Las Palmas, putting pressure on the port's more supply capacity at limited inner anchorage and berths. Deliveries have continued at berth and at inner anchorage since heavy swells halted outer anchorage bunkering at the end of last week.

## Brent

Following another big, Omicron-triggered loss in the previous session, front-month ICE Brent has ticked up by \$0.36/bbl in the past day, to \$71.85/bbl at 08.00 GMT.

OPEC members are meeting for preliminary talks today, before the bigger OPEC+ group is set to meet for monthly output policy talks tomorrow.

Analysts think OPEC+ could decide to pause incremental 400,000 b/d oil output increases in January, after having phased back its cuts from last year at that pace in each month since August.

“...given the recent Covid developments and sharp price drop, the cartel may opt for a more cautious route. Moving forward with the preplanned increase risks a further drop in prices,” DailyFX analyst Thomas Westwater said.

“With oil’s slump overnight, it is almost certain that OPEC+ will pause its scheduled production hikes for December to allow it to assess the impact of omicron more fully on the world economy,” OANDA analyst Jeffrey Halley.

Brent has drawn some support from a smaller-than-expected draw of US crude oil stocks, as measured by the American Petroleum Institute (API). 747,000 bbls of crude was drawn out of US storage tanks in the week to 26 November, which was less than half of what analysts polled by Oilprice.com predicted.

Official US Energy Information Administration (EIA) figures are set for release at 15.30 GMT today.

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