

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices in most European ports have decreased with Brent, and bunkering has been kept on standby in Algoa Bay.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Gibraltar (\$22/mt) and Rotterdam (\$6/mt)**
- **LSMGO prices down in Gibraltar (\$19/mt) and Rotterdam (\$15/mt)**

HSFO prices down in Gibraltar (\$47/mt) and Rotterdam (\$18/mt)

Bunkering operations have been stopped at Algoa Bay due to bad weather. 11 vessels are scheduled to arrive this week at the port, according to Rennies Ships Agency. Some of these could be held up waiting if weather conditions remain rough.

Prices have fallen across fuel grades in Rotterdam and Gibraltar. Rotterdam's HSFO price has made a steeper drop than its VLSFO, to widen its Hi5 spread by \$12/mt to \$145/mt.

Bunker operations are running normally in the Gibraltar Strait ports. Three suppliers in Algeciras are running behind schedule today. Meanwhile, Las Palmas remains closed for a second consecutive day due to bad weather, according to port agent MH Bland.

Meanwhile, bunker operations are running normally in Ceuta. Today, 12 vessels are scheduled to arrive in Ceuta, and two are waiting to bunker there, according to shipping agent Jose Salama & Co.

Bunker operations are also running normally in Mozambique's Nacala and Maputo, a source says.

Brent:

Front-month ICE Brent has inched lower by \$0.58/bbl on the day, to \$83.50/bbl at 09:00 GMT.

Upward pressure:

The winter storm sweeping across the US has knocked temperatures below freezing and disrupted operations at major oil refineries in Texas, US, which continues to support Brent. Affected plants process about 3.58 million b/d, according to Reuters estimates.

Some outages may last into January, Reuters cites insider company sources saying. Refineries owned by Marathon Petroleum and Valero Energy are only set to restart in the first or second week of January.

Crude oil demand is expected to surge after China opens its borders and lifts mandatory quarantine requirements for foreign tourists starting 8 January. S&P Global analysts have predicted oil demand from the world's top importer to reach 15.7 million b/d in 2023, a 700,000-bbl increase from 2022.

Russian President Vladimir Putin has signed an executive order to address the price cap imposed on Russian seaborne crude oil by G7 nations and Australia. In accordance with Putin's earlier warning, Russia has prohibited the sale of oil and oil products to any nation that gets behind the price cap. Starting on 1 February next year, the restrictions will last until at least 1 July.

Several energy experts have predicted that tight supply caused by an increase in Chinese demand and Russia's reduced production will push Brent past \$100/bbl next year. Bank of America expects Brent to average \$100/bbl next year, while Morgan Stanley predicts \$110/bbl by mid-2023.

S&P Global vice chairman Dan Yergin has told CNBC that Brent could reach \$121/bbl next year when China fully reopens because it will "add a lot of demand," while UBS commodity analyst Giovanni Staunovo has predicted a price of +\$100/bbl in 2023.

Downward pressure:

On the flip side, Yergin has told CNBC that Brent could fall to \$70/bbl in case of a recession, according to CNBC.

Citi's global commodities head Ed Morse has predicted Brent will average a significantly lower \$76/bbl next year, as supply outstrips global demand.

"We have an underlying view that we will see an imbalance between supply and demand across 2023, with significantly more supply coming into the market than demand, leading to inventory builds, which should weigh on prices so that we see prices ending the year on average lower than the beginning," Morse has told Insider.

US regulators have approved TC Energy's plan to restart the closed segment of the Keystone Pipeline, according to Reuters. The segment stretches from Steele City near the Nebraska-Kansas border to Cushing, Oklahoma. TC Energy expects service to be restored after several days of testing.

By Nitin Sharma and Konica Bhatt

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