ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker prices have tracked Brent’s downward movement, and bunkering has been suspended in Las Palmas' outer anchorage amid bad weather conditions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban ($50/mt), Rotterdam ($27/mt), and Gibraltar ($20/mt)**
- **LSMGO prices down in Durban ($71/mt), Rotterdam ($38/mt) and Gibraltar ($35/mt)**
- **HSFO prices down in Gibraltar ($28/mt) and Rotterdam ($15/mt)**

LSMGO price in Rotterdam has declined by $38/mt in the past day. One prompt-delivery 50-150mt LSMGO stem fixed at $839/mt has contributed to drag the port's benchmark lower.

Rotterdam's VLSFO price drop has outpaced that of its HSFO. The price moves have narrowed the port's Hi5 spread from yesterday's $87/mt to $75/mt now. One prompt 150-500 mt VLSFO stem fixed at $576/mt in the past trading day has added downward price pressure.

All bunker benchmarks in Gibraltar have declined. The port’s Hi5 spread has widened from yesterday's 87/mt to 95/mt. Minimum congestion has been reported in Gibraltar today, with only three vessels waiting to receive bunkers there, according to port agent MH Bland.

Bunker operations at Las Palmas' outer anchorage have been suspended due to heavy swells, MH Bland said. Meanwhile, bunker deliveries are still available via ex-pipe at berth or by barge at the port's inner anchorage.

Bunker operations continue to run smoothly in Ceuta. Nine vessels are scheduled to arrive for bunkers in Ceuta today, according to shipping agent Jose Salama & Co.

Brent

The front-month ICE Brent contract has lost $2.40/bbl on the day, to trade at $83.60/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained some upward thrust after global oil producers Saudi Arabia and Russia reaffirmed their crude oil production cuts until year-end.

This move by the top OPEC+ producers was largely expected, analysts said. The oil market is now keenly watching out for Saudi's next move, to see if the kingdom decides to roll in further supply cuts in 2024 on the back of a global supply deficit that is already being felt in the oil market.

"The risk to global supply is higher than it's been in probably 50 years," said Price Futures Group's senior market analyst Phil Flynn.

Meanwhile, Brent futures also gained some support after the US House of Representatives passed a bipartisan bill to impose additional sanctions on Iranian oil and petroleum products.

The oil market has been speculating about Iran's involvement in funding Hamas terrorists who launched an unprecedented attack on Israel on 7 October. Oil analysts have previously stated that if Iran's involvement in the Middle Eastern conflict is proven, the US would not hold back from bolstering sanctions on Iranian oil.

"[Oil] markets remain on edge with the US seeing an elevated risk of regional spillover from the [Israel-Hamas] war and will keep responding to any attacks on its troops by Iranian proxies," said analysts from Saxo Bank.

Downward pressure:

Weak oil demand growth projections for China has put a lid on upward Brent futures' moves this week.

A recent report by market intelligence provider JLC stated that China's state-owned refineries' run rates dropped in October, "due to sluggish fuel demand and a tight export quota," in the second-largest crude importer of the world.

"China demand concerns as well as concerns surrounding a slowing economy in Europe are weighing on market sentiment," Flynn added.

State-owned refinery crude distillation units (CDU) operated at an average capacity of 86.26% in October, "a drop of 2.89 percentage points from the record high in September," JLC said. This comes as more units underwent maintenance work in October.

"If the Chinese economy is experiencing difficulties and consumers are cutting back, elevated oil prices could exacerbate the issue by reducing demand," said SPI Asset Management's managing partner Stephen Innes.

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