ENGINE: Europe & Africa Bunker Fuel Market Update

09/11/23

Bunker prices in most European and African ports have declined with Brent values, and HSFO supply has tightened in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban ($14/mt), Gibraltar ($9/mt) and Rotterdam ($6/mt)**
- **LSMGO prices up in Durban ($41/mt) and Gibraltar ($3/mt), and down in Rotterdam ($9/mt)**
- **HSFO prices down in Rotterdam ($17/mt) and Gibraltar ($10/mt)**

Gibraltar's HSFO price has come down in the past day despite dwindling supplies. Prompt supply of the grade is said to be tight in Gibraltar, with a recommended lead time of around seven days, a source says. HSFO suppliers there are also on the lookout for restocking the product.

Gibraltar's VLSFO price has also decreased in the past day. However, availability of the grade is normal there, the source adds.

Rotterdam's LSMGO price has come down and availability of the grade is normal there. A lower-priced LSMGO stem fixed in the port yesterday has contributed to drag the benchmark lower. Lead times of 4-5 days are advised for VLSFO and LSMGO deliveries in Rotterdam, a source says.

Minimal congestion has been reported in Gibraltar today, with only two vessels waiting to receive bunkers there, according to port agent MH Bland. Slight congestion has been reported at Algeciras, where one supplier is running 24-hours behind schedule, MH Bland says.

In Ceuta, six vessels are due to arrive for bunkers today, down from nine on Wednesday, according to shipping agent Jose Salama.

Brent

The front-month ICE Brent contract has shed $1.38/bbl on the day, to trade at $80.33/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained some support as OPEC+ top oil producers, Saudi Arabia and Russia, reaffirmed their commitment to supply cuts and export reductions till the end of the year.

Moreover, oil analysts expect Brent's prices to remain stable as Riyadh will continue slashing production into 2024 as well.

According to SPI Asset Management's managing partner Stephen Innes, oil traders are gradually stepping into "I dare you to cut more mode," after Saudi's latest announcement.

Meanwhile, these voluntary cuts have also reduced downside risks in the oil market over the coming months, analysts said. "We hold onto our forecast for Brent to average $90/bbl over 2024," two analysts from ING Bank said.

Downward pressure:

Brent's prices have dropped this week due to mounting concerns about a slowdown in global oil demand as we head into the year-end seasonal change.

Moreover, an unexpected build in the US weekly commercial crude inventories reported by the American Petroleum Institute (API) also sparked concerns about a decline in oil demand. "Fuel demand has been lagging behind its seasonal average, which has raised concerns about demand destruction," said Innes.

The official release of US government weekly data on crude oil stockpiles from the US Energy Information Administration (EIA), which was supposed to be released yesterday, is delayed until 13 November due to planned system upgrades.

Meanwhile, amid hovering demand concerns over the oil market, supply dynamics have also pushed Brent futures lower, ING Bank's head of commodities strategy Warren Patterson said. "For example, Russian seaborne crude oil exports have grown in recent months, which suggests that Russia is not sticking to its additional voluntary cut," he added.

By Manjula Nair and Aparupa Mazumder