

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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VLSFO prices have gained in major European and African ports, and HSFO availability has tightened in Gibraltar.

Changes on the day from Friday, to 09.00 GMT today:

- **VLSFO prices up in Durban (\$46/mt), Rotterdam (\$16/mt) and Gibraltar (\$14/mt)**
- **LSMGO prices up in Durban (\$27/mt), and down in Gibraltar (\$26/mt) and Rotterdam (\$2/mt)**
- **HSFO prices up in Gibraltar (\$11/mt), and down in Rotterdam (\$5/mt)**

VLSFO prices in all three major ports have gained over the weekend amid support from several higher-priced indications.

Rotterdam's HSFO price has shed \$5/mt over the weekend, while Gibraltar's HSFO price has gained by \$11/mt. The diverging price moves have widened Rotterdam's HSFO discount to Gibraltar from \$60/mt on Friday, to \$76/mt now.

One non-prompt 500-1,500 mt HSFO stem fixed at \$455/mt in Rotterdam in the past session has pulled the port's benchmark lower.

Availability of HSFO in Gibraltar has shown signs of tightness. Some suppliers are running low on HSFO stocks and await replenishment cargoes, a source says. Recommended lead times for the high-sulphur grade have gone up from 5-7 days last week, to seven days now.

Congestion has been reported in Gibraltar today, where nine vessels are currently waiting to receive bunkers, port agent MH Bland says. One supplier is experiencing massive delays of 1-2 days there.

In Ceuta, four vessels are scheduled to arrive for bunkers today, down from five yesterday, according to shipping agent Jose Salama & Co.

## **Brent**

The front-month ICE Brent contract has declined by \$0.44/bbl on the day from Friday, to trade at \$81.05/bbl at 09.00 GMT.

### **Upward pressure:**

Brent's price is finding a little solace in the prospect of an oil supply shortage next year.

“We expect ongoing [crude output] cuts from OPEC+ to contribute to inventory draws and upward oil price pressure in the early part of 2024,” the US Energy Information Administration (EIA) has said in its short-term energy outlook report.

Saudi Arabia will continue its voluntary crude oil reduction of 1 million b/d for December as well, an official source from Saudi Arabia's Ministry of Energy told Saudi Press Agency. In addition, Russia has announced additional voluntary oil export cuts of 300,000 b/d until December, according to state-owned media agency TASS.

Saudi Arabia's energy minister Abdulaziz bin Salman Al Saud has said global oil demand is “not weak,” according to Bloomberg. The recent Brent sell-off is merely a “ploy” by market speculators despite robust demand, Abdulaziz argued.

### **Downward pressure:**

Price pressure has been mounting as demand concerns have started to surpass fears of a supply shortage. Weak export data from China has stirred speculations of shrinking oil demand growth. China's exports have fallen by 6.4% compared to 2022, Reuters reported, citing customs data.

An unexpected 11.9 million-bbl build in commercial US crude inventories reported by the American Petroleum Institute (API) last week sparked concerns about a decline in oil demand. Official data from the US Energy Information Administration has been delayed and will be released later today.

Oil traders' attention has shifted from “tight supply supported by Saudi production cuts” and the Israel-Hamas conflict to a “weakening demand outlook” in Europe, the US and China, according to Ole Hansen, head of commodity strategy at Saxo Bank.

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