

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

14/11/23

Regional bunker benchmarks have mostly gained, and Gibraltar's Hi5 spread has widened above \$100/mt.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$15/mt) and Rotterdam (\$10/mt), and down in Durban (\$1/mt)**
- **LSMGO prices up in Gibraltar (\$21/mt) and Rotterdam (\$11/mt)**
- **HSFO prices up in Rotterdam (\$12/mt), and down in Gibraltar (\$12/mt)**

Bunker prices have mostly tracked Brent's upward movement across major European and African ports.

LSMGO price gains in Gibraltar have outpaced that of Rotterdam's LSMGO. The price moves have narrowed Gibraltar's LSMGO premium over Rotterdam's by \$10/mt to \$76/mt now. One prompt 50-150 mt LSMGO stem fixed at \$774/mt in Rotterdam yesterday has partly capped gains.

Gibraltar's HSFO price has declined by \$12/mt in the past day, while its VLSFO price gained by \$15/mt. The diverging price moves have widened the port's Hi5 spread from \$76/mt yesterday, to \$103/mt now.

HSFO supply pressures in Gibraltar have eased slightly, with lead times of 5-7 days recommended to ensure full coverage from suppliers, a trader says.

Congestion has eased some in Gibraltar, where five vessels are currently waiting to receive bunkers, down from nine yesterday, port agent MH Bland says. One supplier is experiencing delays of 24 hours there. At nearby Ceuta, nine vessels are due to arrive for bunkers today, up from four yesterday, according to shipping agent Jose Salama & Co.

In the ARA hub, recommended lead times for HSFO are 5-7 days, a trader said. Furthermore, Rotterdam's HSFO discount to Gibraltar has narrowed by \$24/mt to \$52/mt now.

Lead times of 4-6 days are recommended for VLSFO in the ARA hub, and 3-4 days for LSMGO.

## **Brent**

The front-month ICE Brent contract has moved up \$1.67/bbl on the day, to trade at \$82.72/bbl at 09.00 GMT.

### **Upward pressure:**

Brent's price got a boost after the Organization of the Petroleum Exporting Countries (OPEC) in its November monthly flagship report projected an upward revision for its global oil demand growth in 2023 to 2.46 million b/d, a slight increase of 20,000 b/d from its October estimates.

"These [OPEC] numbers indicate that OPEC believes that the oil market will remain tight for the remainder of this year and much of 2024," said two analysts from ING Bank.

The oil-producers group kept its demand projections for 2024 unchanged from the previous forecast, at 2.25 million b/d.

Earlier this month, OPEC's de-facto leader Saudi Arabia, and its top ally Russia (OPEC+) reaffirmed their voluntary production cuts and export ban pledges until year-end, suggesting an onset of supply tightness in the first quarter of 2024 as well.

"Oil prices had been grinding higher as traders anticipated that OPEC would revise its global demand outlook for the fourth quarter of 2023, and they didn't disappoint the bulls," said SPI Asset Management's managing partner Stephen Innes.

### **Downward pressure:**

Brent futures came under downward pressure as growing demand woes from the world's top crude oil consumers China and the US mounted last week. "Oil and products continue to get hit on the perception that the Chinese economy has hit a brick wall, raising the risk of a global recession," Price Futures Group's senior market analyst Phil Flynn said.

Oil traders will be focusing on key US consumer price inflation (CPI) numbers that will be out later today. Oil market analysts expect headline US inflation to fall from 3.7% in September to 3.3% in October.

A potential hike in inflationary pressures in the US could lead to a 'higher-for-longer' narrative when it comes to interest rates, oil analysts project. "Any surprises to the upside would likely put some pressure on risk assets, including commodities," analysts from ING Bank added.

Meanwhile, Brent futures came under some pressure as oil market analysts continued to scrutinise actual supply cuts of Russian crude and oil products in the physical oil market. "Whether Russia actually sticks to its announced cuts is another story, given that their seaborne crude oil exports have been edging higher in recent months," analysts from ING bank further noted.

*By Manjula Nair and Aparupa Mazumder*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://freightinvestorservices.com)