ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have mostly tracked Brent’s decline, and LSMGO availability is very tight in Durban.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban ($5/mt), Rotterdam ($4/mt) and Gibraltar ($3/mt)**
- **LSMGO prices down in Rotterdam ($5/mt) and Gibraltar ($2/mt)**
- **HSFO prices up in Gibraltar ($2/mt), and unchanged in Rotterdam**

Gibraltar's HSFO price has moved counter to the wider market direction and gained slightly. As a result, Gibraltar's HSFO premium over Rotterdam has widened by $2/mt to $54/mt now. The port's Hi5 spread has narrowed from $103/mt yesterday, to $98/mt now.

Rotterdam's LSMGO price has shed slightly more than Gibraltar's. The price moves have widened Gibraltar's LSMGO premium over Rotterdam by $3/mt to $79/mt.

One 150-500 mt prompt delivery VLSFO stem fixed at $576/mt in Rotterdam has added downward price pressure.

Minimal congestion has been reported in Gibraltar today, where three vessels are waiting to receive bunkers, port agent MH Bland says. One supplier is still experiencing delays of 24 hours.

Meanwhile, Algeciras port’s inner anchorage is witnessing slight congestion, MH Bland says. No backlogs have been reported at nearby Ceuta, where 11 vessels are due to arrive for bunkers today, up from nine yesterday, according to ship agent Jose Salama & Co.

LSMGO is currently very tight at the South African ports of Richards Bay and Durban. Lead times of more than 10 days are recommended in both ports, a trader said.

Offshore bunkering has remained suspended at the Algoa Bay anchorage for over a month now. The deliveries came to a standstill after the South African Revenue Service (SARS) detained bunker barges over import duty disputes in September.

Meanwhile, bunkering is progressing normally in the adjacent Port Elizabeth, where one supplier is delivering stems, a port agent said.

Brent

The front-month ICE Brent contract has inched lower by $0.33/bbl on the day, to trade at $82.39/bbl at 09.00 GMT.

Upward pressure:

Brent futures has shown strong support after the International Energy Agency (IEA) projected global oil demand to grow by 2.40 million b/d to 102 million b/d this year.

Brent's price is expected to remain elevated for the rest of this year as leading oil-consuming nations - the US and China - will drive global oil demand higher, the Paris-based body said. Oil demand is set to reach a record annual high of 102.90 million b/d in 2024 due to strong consumption in the US, China, India, and Brazil, the agency further noted.

Meanwhile, the oil market also gained confidence following positive industrial production and retail data from China earlier today. The country's October industrial output grew 4.6% and retail sales rose 7.6% from October last year, Reuters reported citing data from China's National Bureau of Statistics (NBS).

"Crude oil [Brent] futures experienced an uptick following positive industrial production and retail numbers from China, which contributed to improved market sentiment," SPI Asset Management's managing partner Stephen Innes said. "Worries about China demand have been a major point of concern for oil traders and the relatively upbeat economic prints should alleviate some of those concerns," he further added.

Downward pressure:

Brent futures came under pressure after the American Petroleum Institute (API) reported a 1.34 million bbls rise in US commercial crude inventories in the week ended 10 November, according to data cited by Trading Economics.

The broadly followed US government data on crude oil stockpiles from the US Energy Information Administration (EIA) is due later today.

The recent market report from IEA suggested that the oil market may not be as constrained as initially anticipated in the fourth quarter of this year. Higher production from non-OPEC+ producers will offset some of the supply cuts from OPEC+ producers, the IEA stated.

"The softened outlook for the physical oil market aligns with recent declines in oil prices over the past three weeks, leading to Brent crude, the global benchmark, reaching its lowest trade in over three months last week," Innes further noted.

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