

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have tracked Brent's drop, and Rotterdam's HSFO discount to Gibraltar has narrowed.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$27/mt), Gibraltar (\$9/mt) and Rotterdam (\$6/mt)**
- **LSMGO prices down in Rotterdam (\$9/mt) and Gibraltar (\$3/mt)**
- **HSFO prices up in Rotterdam (\$7/mt), and down in Gibraltar (\$11/mt)**

Rotterdam's HSFO price increased by \$7/mt in the past day, while the grade's price in Gibraltar fell by \$11/mt. The diverging price moves have narrowed Rotterdam's HSFO discount to Gibraltar by \$18/mt to \$36/mt now.

Rotterdam's Hi5 spread has also narrowed from yesterday's \$104/mt to \$91/mt now.

VLSFO and LSMGO prices in Rotterdam have declined, tracking Brent's downward movement. One prompt delivery 150-500 mt VLSFO stem was fixed at \$579/mt in the past trading day, and a 50-150 mt LSMGO stem at \$789/mt.

In the nearby Ceuta port, 16 vessels are due to arrive for bunkers today, up from 11 yesterday, according to ship agent Jose Salama & Co.

Rough weather has kept bunkering suspended in several areas off Malta. Supply is currently limited to more sheltered bunkering area 4 off Malta's southeast coast, port agent MH Bland says. Wind gusts of up to 23 knots are forecast in the region until tomorrow, which could keep bunker supply disrupted in other five offshore areas.

LSMGO is 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

Brent

The front-month ICE Brent contract has dropped by \$1.58/bbl on the day, to trade at \$80.81/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained strength this week on the back of bullish oil demand projections from global agencies, contributing to a positive oil market sentiment.

Paris-based energy firm International Energy Agency (IEA) and top oil-producers group OPEC maintained an optimistic outlook on global oil demand growth in 2023 in their latest oil market reports, highlighting demand growth in China and other Asian countries.

Total crude oil imports in Asia reached 26.93 million b/d in the first ten months of 2023. This was an increase of 1.34 million b/d compared to the entirety of 2022 when 25.59 million b/d were imported, Reuters reported citing LSEG data.

The IEA increased its forecast for global crude oil demand by 100,000 b/d to 2.40 million b/d in 2023, while OPEC raised its 2023 demand forecast to 2.46 million b/d, up by 20,000 b/d from its previous projection.

“The IEA revised up its 2023 oil demand growth forecast as a result of Chinese demand hitting record levels, while US demand has also been stronger than the agency was expecting,” said ING’s head of commodities strategy Warren Patterson.

Downward pressure:

Brent’s upward gains were capped after the US Energy Information Administration (EIA) reported a 3.60 million bbls rise in commercial US crude inventories in the week ended 10 November. The weekly increase in US crude stocks was bigger than both the American Petroleum Institute's projection of a 1.34 million bbls increase and the 1.80 million bbls forecast from a Reuters analysts poll.

“Oil prices nosedived after government data showed U.S. crude oil stockpiles spiked above consensus last week while demand for refined fuels fell,” SPI Asset Management’s managing partner Stephen Innes said.

The US energy agency’s weekly inventory data returned yesterday after a week of hiatus for a scheduled system update. As a result, the oil market received compiled data for two weeks.

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