ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have tracked Brent's upward movement, and bunkering has resumed off Malta after weekend disruptions.

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

- **VLSFO prices up in Durban ($30/mt), Rotterdam ($26/mt) and Gibraltar ($21/mt)**
- **LSMGO prices up in Gibraltar ($30/mt) and Rotterdam ($26/mt)**
- **HSFO prices up in Gibraltar ($30/mt) and Rotterdam ($15/mt)**

Gibraltar's HSFO price rise is double the grade's price increase in Rotterdam. Correspondingly, Gibraltar's HSFO premium over Rotterdam has widened by $15/mt to $30/mt now. Securing prompt deliveries of the grade in Gibraltar can be difficult, a source says.

The port's HSFO price rise has also outpaced its VLSFO price gain over the weekend. This has narrowed Gibraltar's Hi5 spread from $95/mt on Friday, to $86/mt now.

Gibraltar's LSMGO price has also increased, widening its LSMGO premium over Rotterdam by $4/mt to $75/mt now.

Moreover, HSFO supplies are tightening in the ARA region as suppliers' barges encounter loading delays at the terminal there, a trader says, adding that earliest delivery dates range between 25-27 November.

Rotterdam's LSMGO price has also increased over the weekend. One prompt higher-priced LSMGO stem fixed on Friday at $776/mt for 150-500 mt contributed to the upward pressure on the benchmark.

In South Africa's Durban and Richards Bay ports, LSMGO supplies remain tight.

Meanwhile, bunker operations have resumed off Malta after remaining suspended over the weekend due to adverse weather conditions, according to port agent MH Bland.

Bunkering operations have resumed at bunkering area three this morning amid conducive weather conditions, MH Bland says. Malta experienced rough weather conditions last week with wind gusts reaching up to 29 knots on Saturday.

Bunkering is progressing smoothly in the nearby Ceuta port, where 8 vessels are due to arrive for bunkers today, shipping agent Jose Salama & Co. says.

Brent

The front-month ICE Brent contract has leaped $3.04/bbl higher on the day from Friday, to $80.94/bbl at 09.00 GMT.

Upward pressure:

Brent has climbed back above $80/bbl as market participants predict Saudi Arabia and Russia will extend their production cuts into 2024. An announcement is expected at OPEC+'s joint ministerial meeting on 26 November.

It is rumoured that the US will impose tighter sanctions on Iran, ANZ's senior commodity strategist Daniel Hynes writes in a recent report. "Ship tracking data suggests [Iranian exports] are not far off levels seen before the US pulled out of the Iran nuclear deal. Tighter sanctions could result in between 0.5-1.5mb/d [million b/d] of oil being pulled from the market," he adds.

Goldman Sachs estimates that Brent will soar even higher in 2024 due to a "combination of supply constraints and steady demand growth". In its latest macro-outlook report, the investment bank forecasts Brent to reach $88/bbl in three months, $92/bbl in six months and average at $93/bbl within a year.

Downward pressure:

Concerns over global supply shortages are slowly dissipating as non-OPEC producers gradually increase production, limiting Brent's price gain.

Global oil supply is "firmly on an upward trajectory," said the International Energy Agency (IEA) in its November oil market report. This will be led by non-OPEC producers, IEA added. The IEA projects the US, Canada, Brazil and Guyana to produce a combined 1.7 million b/d more than they did this year in 2024.

Meanwhile, the IEA has also forecast global demand growth to slow down sharply to 930,000 b/d in 2024, from 2.4 million b/d this year.

The prospect of rising non-OPEC oil supply combined with a potential slowdown in demand has led hedge fund traders and money managers to reduce their long positions in Brent to the lowest level since late May. The Commitments of Traders report from the Commodity Futures Trading Commission shows that money managers reduced their long positions in Brent futures from 227,000 on 7 November to 223,000 on 14 November.

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