

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Most regional bunker benchmarks have come down with Brent values, and bunkering has been suspended in Malta amid rough weather.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$8/mt), and down in Rotterdam and Durban (\$4/mt)**
- **LSMGO prices up in Gibraltar (\$36/mt), and down in Durban (\$12/mt) and Rotterdam (\$6/mt)**
- **HSFO prices up in Gibraltar (\$1/mt), and down in Rotterdam (\$12/mt)**

Gibraltar's LSMGO price has moved counter to the wider market direction with steep gains in the past day, while Rotterdam's LSMGO price has decreased some. These diverging price moves have widened Gibraltar's LSMGO premium over Rotterdam by \$42/mt to \$79/mt now.

Supply of LSMGO grade is said to be normal in Gibraltar, requiring lead times of around 5-7 days, a source says.

HSFO and VLSFO prices have also increased in Gibraltar in the past day. A steeper rise in VLSFO price has widened the port's Hi5 spread from \$98/mt to \$105/mt now.

Bunker prices across all grades have come down in Rotterdam in the past day. Three lower-priced stems were booked in Rotterdam in the past day, contributing to the downward pressure on benchmarks. Of these, one was a lower-priced LSMGO stem fixed at \$804/mt for 150-500 MT for prompt delivery.

Meanwhile, a lower-priced prompt HSFO stem fixed at \$474/mt for over 1,500 mt added to the downward pressure on the benchmark. A prompt lower-priced VLSFO stem fixed at \$578/mt for 50-150 mt contributed to drag the grade's price down.

Minimal congestion has been reported in Gibraltar today, with two vessels waiting to receive bunkers there, says port agent MH Bland.

Meanwhile, bunker operations have been suspended in Malta today amid rough weather conditions. The port is currently experiencing strong wind gusts of 17 knots, says MH Bland.

Brent:

The front-month ICE Brent contract has dropped \$0.98/bbl lower on the day, to \$81.38/bbl at 09.00 GMT.

Upward pressure:

“Will oil prices continue to rise? In short, most probably,” Christyan Malek, global head of energy strategy at JP Morgan said in a research note from 2 November. Against a backdrop of global oil demand growth, Malek has attributed “diminishing” spare capacity and low commercial US crude inventories among the factors that could lead to a 1.1 million-bbl supply deficit in 2025. This could propel Brent to \$150/bbl in the short to medium term, he added.

JP Morgan’s report stresses a bullish medium-term outlook, while other investment banks are bullish about the near term.

UBS has bet on a \$90-100/bbl range for Brent “over the coming months” over possible weakness in the US dollar. Goldman Sachs has forecast Brent to reach \$92/bbl in six months and to average \$93/bbl within a year due to supply constraints and robust demand.

Downward pressure

OPEC+’s meeting was rescheduled to 30 November from 25-26 November. This was allegedly due to an impasse between the coalition’s de facto leader Saudi Arabia and other producers over production levels and targets. Most market observers believe OPEC+’s differences over 2024 output policy will have a ripple effect on Brent’s price in the near future. Without a clear path forward, Brent is likely to remain volatile in the short term.

“Saudi will want other countries to cut as well. It’s going to be a negotiation, where Saudi will probably use that lollipop cut as a potential stick if the other countries don’t cut more,” energy-focused hedge fund trader Pierre Andurand told Bloomberg.

Concerns over potential oversupply in the global oil market have also inhibited price increases.

After Iran committed to raise its oil production to reach 3.6 million b/d by March next year, Reuters has now reported that Venezuela is also looking to add some supply to the global market. It is currently producing some 850,000 b/d of crude oil, Reuters reported citing Venezuelan deputy oil minister, Erick Perez, and expects to reach its 1 million b/d capacity soon.

In addition, commercial US crude inventories increased for the third consecutive week by adding 8.70 million bbls in the week that ended 17 November, according to the US Energy Information Administration (EIA). This followed a 17 million-bbl build in the previous two weeks.

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