

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and bunkering has resumed in Malta this morning after remaining suspended for a day due to bad weather.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$1/mt), and down in Gibraltar (\$13/mt) and Rotterdam (\$7/mt)**
- **LSMGO prices up in Gibraltar (\$2/mt), and steady in Rotterdam and Durban**
- **HSFO prices steady in Rotterdam, and down in Gibraltar (\$6/mt)**

Rotterdam's HSFO and LSMGO prices remained unchanged in the past day. Supply of HSFO has improved slightly in the ARA hub, with recommended lead times of 5-7 days - down from 7-9 days at the start of this week, a trader says. Some suppliers in the ARA can provide HSFO for prompt deliveries as well, the trader adds.

LSMGO supply is said to be normal in Rotterdam and in the wider ARA hub.

Rotterdam's VLSFO price has decreased some in the past day. This has narrowed the port's Hi5 spread from \$111/mt to \$104/mt now. Recommended lead times for both LSMGO and VLSFO grades are around 3-5 days, a source says.

Supply of all bunker fuel grades is normal in Gibraltar, according to a trader. Lead times of 4-6 days are recommended for HSFO. LSMGO and VLSFO deliveries require lead times of 3-5 days.

Minimal congestion has been reported in Gibraltar and Algeciras today, according to port agent MH Bland. One supplier in Algeciras is experiencing delays of 12-24 hours today, MH Bland says. Strong winds are forecast to hit Algeciras later today.

Meanwhile, bunker operations have resumed in Malta this morning after being suspended yesterday. Strong winds of up to 28 knots are forecast in the region on Saturday, MH Bland says.

Brent

The front-month ICE Brent contract has inched \$0.19/bbl higher on the day, to \$81.57/bbl at 09.00 GMT.

Upward pressure:

Brent futures contract have gained 1% over the past week, as the benchmark holds its ground amid market uncertainty.

Russian Deputy Prime Minister Alexander Novak considers the current oil price level to be an "objective reflection" of the balanced market, according to Russia's state agency TASS. OPEC+ members will discuss the output policy for next year on 30 November.

Six producers in the Gulf of Mexico have shut down 61,165 b/d of oil production following a leak from an underwater oil pipeline off the Louisiana coast, Reuters reported citing the Coast Guard. This accounts for 3% of US offshore oil production, according to Reuters. The source of the estimated 1.1-million-gallon leak (26,190 bbls) has not yet been identified.

Downward pressure

Reports of a standoff between Saudi Arabia and other OPEC members over production levels and targets have increased anxiety in the market.

Nigeria, Angola, and Congo may be involved in the disagreement since their 2024 production targets were cut earlier this year, according to Warren Patterson, ING's head of commodities strategy. Their targets for 2024 were to be reviewed by the end of this year and possibly raised as these countries wanted to increase their output levels. But the revision of targets has not happened yet, Patterson noted. Currently, Angola and Congo are producing below their previously fixed 2024 production targets. However, Nigeria has overshot its 2024 target with 1.49 million b/d output, he said.

Other OPEC members Iran, Venezuela and the UAE are also planning to ramp up their production levels in the coming months.

Although their individual output increases are likely to be modest, especially when compared to Saudi Arabia's output, their combined production increase can still add a substantial amount of crude oil to the market in the near future.

OPEC member Libya has successfully exported its first shipment of 600,000 bbls of crude oil from the Erwin oil field in the Murzuq basin, according to Libya's National Oil Corporation. Any additional supply in the market amidst concerns of oversupply can put a downward pressure on Brent.

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