ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in most European and African ports have tracked Brent's upward movement, and Gibraltar's VLSFO premium over Rotterdam has widened.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar ($14/mt), Durban ($12/mt) and Rotterdam ($1/mt)**
- **LSMGO prices up in Durban and Gibraltar ($16/mt), and down in Rotterdam ($10/mt)**
- **HSFO prices up in Gibraltar ($6/mt) and Rotterdam ($5/mt)**

Gibraltar's VLSFO price gain has outpaced Rotterdam's modest increase, to widen its premium over Rotterdam's VLSFO by $13/mt to $48/mt now.

Prompt HSFO availability is good in Gibraltar, a trader says. Lead times of up to three days are recommended for HSFO, while lead times of 3-5 days are recommended for LSMGO and VLSFO.

Minimal congestion has been reported at Gibraltar port today, where only one vessel is waiting for bunkers, port agent MH Bland said.

Rotterdam's LSMGO price has moved counter to the wider market direction and declined in the past day. Two lower-priced prompt delivery stems fixed in the past trading day have contributed to drag the port's benchmark lower. Of these, one 50-150 mt stem was booked at $795/mt and the other 150-500 mt stem at $783/mt.

VLSFO price gain in Rotterdam has been relatively modest compared to the other two ports. One lower-priced 150-500 mt prompt delivery stem fixed at $558/mt in the port yesterday has partly capped gains.

VLSFO availability has tightened in the ARA hub, a trader says. Lead times of 5-7 days are recommended to ensure full coverage from all suppliers.

Out of the six bunkering areas off Malta, bunker supply is only available in bunkering area four due to rough weather conditions, MH Bland said.

Brent

The front-month ICE Brent contract has moved $1.49/bbl higher on the day, to trade at $82.18/bbl at 09.00 GMT.

Upward pressure:

Brent's price found some support ahead of the OPEC+ joint ministerial meeting to discuss crucial output policy for 2024. Oil analysts expect top oil producers Saudi Arabia and Russia to continue individual cuts at least through the first quarter of 2024.

Besides, there are speculations that an "additional modest backstop cut" could be discussed in the OPEC+ meeting on Thursday, said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, a short-term supply disruption caused by a sudden storm in the Black Sea has also lifted Brent futures. Earlier this week, a severe storm in the Black Sea region suspended around 2 million b/d of oil exports from Kazakhstan and Russia, Reuters reported citing port agent data. Kazakhstan's largest oilfields (Tengiz, Kashagan, and Karachaganak) have cut combined daily oil output by 56%, according to its energy ministry.

Additionally, a drop in weekly US commercial crude inventories also provided some support to Brent. US commercial crude inventories fell by 820,000 bbls in the week ended 24 November, according to the American Petroleum Institute (API) data cited by Trading Economics.

Downward pressure:

Meanwhile, Brent futures felt some downward pressure this week as OPEC+ postponed its meeting. Reduced compliance among some OPEC members including Angola and Nigeria who are "not happy" with their lowered output targets might have caused this delay, according to oil market analysts.

An oversupply in the market will likely cause Brent to move downwards, hence maintaining current production cuts and adhering to the set targets will be the key topic of the OPEC+ meeting.

"Sentiment in the oil market remains negative despite the growing noise of potentially deeper OPEC+ cuts," said two analysts from ING Bank. "If they [OPEC+] fail to come to a preliminary deal, we cannot rule out the risk that the meeting is further delayed, which would likely put some downward pressure on oil prices," they further added.

By Manjula Nair and Aparupa Mazumder