ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have tracked Brent's gains, and rough weather conditions in the Mediterranean have impacted bunkering in the region.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban ($17/mt), Gibraltar ($16/mt) and Rotterdam ($11/mt)**
- **LSMGO prices up in Durban ($19/mt), Gibraltar ($13/mt) and Rotterdam ($8/mt)**
- **HSFO prices up in Gibraltar ($15/mt) and Rotterdam ($13/mt)**

LSMGO prices in Gibraltar have increased for the third consecutive day. Meanwhile, Rotterdam's LSMGO price gain of $8/mt has erased some of its losses made in the previous trading day.

Gibraltar's VLSFO price gain of $16/mt has outpaced that of Rotterdam's. The price moves have widened Gibraltar's VLSFO premium over Rotterdam from $48/mt yesterday to $53/mt now.

Six vessels are waiting for bunkers in Gibraltar today, up from one yesterday, port agent MH Bland said. One supplier is experiencing delays of 4-6 hours there. Strong wind gusts of up to 35 knots are forecast to hit the bay tomorrow, which could trigger bunker suspension in the port. The nearby Algeciras port is also witnessing adverse weather conditions which are forecast to continue till tomorrow. One supplier is experiencing delays of 16 hours, MH Bland said.

Weather is also rough in other Mediterranean bunker locations such as Malta. Because of persistent rough weather conditions, bunker supply has been limited in the more sheltered bunkering area four out of the six bunkering areas.

The forecast for persistent rough weather off Malta over the coming days and through the weekend suggests that bunker operations could remain disrupted, potentially extending delivery lead times further ahead. Improved weather conditions from Monday onwards, could allow bunkering to resume normally and potentially ease supply pressure.

Bunkering has been suspended in the Spanish port of Huelva amid rough weather conditions, MH Bland says. Meanwhile, bunker deliveries by barge can still be carried out at anchorage.

Brent

The front-month ICE Brent contract has gained $1.21/bbl on the day, to trade at $83.39/bbl at 09.00 GMT.

Upward pressure:

Brent futures remained supported as the oil market has shifted its focus from weak demand indicators to the upcoming OPEC+ meeting. The group is scheduled to hold a virtual meeting later today to discuss crude oil production quotas for 2024.

OPEC+ delayed its joint ministerial meeting by four days from 26 November after an alleged disagreement over output targets for next year.

The coalition is widely expected to continue output cuts until it achieves a “balance” in the oil market. These cuts are expected to be in addition to the voluntary supply reduction pledges from Saudi Arabia and Russia.

“All eyes are on OPEC+,” said two analysts from ING Bank. “The group will want to avoid disappointing the market given high expectations,” they added.

Downward pressure:

Brent's price felt some downward pressure after the US Energy Information Administration (EIA) reported a surprise build in US crude stocks. Commercial US crude inventories grew by 1.61 million bbls to 449.66 million bbls in the week ended 24 November, according to the EIA.

The weekly stock build ran counter to the American Petroleum Institute's (API) projection of an 820,000 bbls draw. “The [US crude stock] build comes despite US net exports of crude and products hitting an all-time high of 4.45MMbbls/d [4.45 million b/d] last week,” ING Bank’s head of commodities strategy Warren Patterson said.

Meanwhile, disputes within the OPEC+ group over reduced output targets for 2024 are still adding uncertainty to the oil market, analysts said. “It is still not clear if the group has been able to resolve a disagreement over Angolan and Nigerian production targets for next year,” Patterson added.

The oil market will come under further pressure if OPEC fails to reach a consensus on output targets for 2024. “Clearly, this growing expectation leaves downside risk for the market if OPEC+ disappoint later today,” ING Bank’s analysts added.

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