ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have tracked Brent's decline, and inbound vessel movements in Gibraltar have been suspended due to rough weather.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban ($63/mt), Gibraltar ($31/mt) and Rotterdam ($19/mt)**
- **LSMGO prices down in Gibraltar ($44/mt), Rotterdam ($29/mt) and Durban ($25/mt)**
- **HSFO prices down in Gibraltar ($27/mt) and Rotterdam ($12/mt)**

Inbound movement of vessels has been suspended in Gibraltar this morning due to adverse weather conditions caused by strong winds, port agent MH Bland says.

The port authority has issued a strong wind warning for today. It expects strong winds gusting up to 32-36 knots to hit Gibraltar today. The wind gusts are forecast to strengthen to more than 40 knots later in the day.

Vessels currently at the anchorage can continue to receive bunkers, MH Bland says.

Bad weather conditions have caused a backlog of 13 vessels, which are currently waiting to receive bunkers at the port, according to MH Bland.

Gibraltar's LSMGO price has declined sharply in the past day, to erase some of the gains the port's benchmark noted in the previous days. Its steep decline has narrowed the port's LSMGO premium over Rotterdam by $15/mt to $70/mt now. Lead times of 3-5 days are recommended for LSMGO and VLSFO, and 2-4 days for HSFO.

Meanwhile, the availability of all fuel grades is normal in the ARA hub. Lead times of 5-7 days are recommended for HSFO and VLSFO in the ARA, and shorter lead times of 3-5 days for LSMGO.

Bunkering operations at the Spanish port of Huelva remain shut amid strong wind gusts of 22 knots, says MH Bland. Bad weather has also impacted bunkering off Malta, where bunkering is restricted to bunkering area four. Strong winds are forecast to continue in the region over the weekend.

Brent

The front-month ICE Brent contract has plummeted $2.89/bbl on the day, to trade at $80.50/bbl at 09.00 GMT.

Upward pressure:

Brent futures found some support after several member nations of the Organization of the Petroleum Exporting Countries and its allies (OPEC+) agreed to extend additional voluntary supply cuts in 2024, amounting to 2.2 million b/d.

OPEC's leading oil producer and de-facto leader Saudi Arabia will cut an additional 1 million b/d oil supply starting 1 January until the end of March 2024, it said. The group's top ally Russia will cut exports by an additional 500,000 b/d during January-March 2024.

Among other members, Iraq, the UAE, Kuwait, Kazakhstan, Oman, and Algeria have agreed to fulfill new production targets for 2024, the group said.

Meanwhile, Brazilian energy minister Alexandre Silveira announced yesterday that Brazil will become an official member of the OPEC+ alliance from 1 January 2024. However, it remains uncertain whether Brazil will participate in production cuts from next year because of its membership.

Downward pressure:

Brent futures plunged as voluntary oil output cuts announced by the OPEC+ producers failed to meet market expectations. The oil market remains underwhelmed despite OPEC+ reaching a consensus on production targets for 2024, analysts said.

"The oil market has faced the curse of the 'buy the rumour, sell the fact' due to uncertainty over the anticipated extended [OPEC+] oil supply cuts for 2024," said OANDA's senior market analyst Kelvin Wong. Moreover, oil investors are concerned about weak global demand amid an increase in crude inventories in the US, he added.

Commercial US crude inventories grew by 1.61 million bbls to 449.66 million bbls in the week ended 24 November, according to the US Energy Information Administration (EIA).

While seven OPEC+ member countries announced additional production cuts for the first quarter of 2024, these agreed cuts are voluntary and temporary. Therefore, it is likely that some member nations may not adhere to these output quotas, according to oil market analysts.

Moreover, "Angola has 'revolted' against its new supply target and stated it will continue pumping as usual, increasing the risk that other OPEC+ members may not follow through on the latest set of agreed commitments," Wong said.

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