ENGINE: Europe & Africa Bunker Fuel Market Update

07/12/23

Most bunker benchmarks in European and African ports have come down with Brent values, and VLSFO supply is normal in the ARA hub.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban ($2/mt), and down in Rotterdam ($20/mt) and Gibraltar ($13/mt)**
- **LSMGO prices steady in Durban, and down in Rotterdam ($18/mt) and Gibraltar ($9/mt)**
- **HSFO prices down in Gibraltar ($14/mt) and Rotterdam ($11/mt)**

Rotterdam’s VLSFO price drop has outpaced that of Gibraltar's in the past day. This has widened Rotterdam's VLSFO price discount to Gibraltar by $7/mt to $49/mt.

Rotterdam's HSFO price has also declined. But a steeper fall in the port's VLSFO price has narrowed its Hi5 spread from $86/mt to $77/mt now. VLSFO supply is said to be normal in the ARA hub. Lead times of 5-7 days are generally recommended for VLSFO deliveries there to ensure full coverage from suppliers, a source says. Some suppliers can offer deliveries with shorter lead times.

Availability of all fuel grades is said to be normal in Gibraltar. Prices of all bunker fuel grades have decreased in the past day, with HSFO showing the steepest fall. Consequently, Gibraltar's Hi5 spread has widened moderately from $71/mt to $72/mt.

One higher-priced prompt VLSFO stem was booked in Gibraltar at $607/mt for 150-500 mt in the past day. However, Gibraltar’s VLSFO price moved with the general market trend that focused on the Brent's price fall.

Slight congestion has been reported in Gibraltar today, with three vessels currently waiting to receive bunkers there, according to port agent MH Bland. Strong winds are forecast to hit Gibraltar on Friday with wind gusts up to 22 knots.

In Ceuta, eight vessels are currently awaiting bunkers, up from seven yesterday according to shipping agent Jose Salama & Co.

Brent

The front-month ICE Brent contract has moved $2.16/bbl lower on the day, to trade at $74.98/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained some upward thrust after the US Energy Information Administration (EIA) reported a 4.63 million bbl-draw in commercial US crude inventories in the week ended 1 December.

Currently, commercial US crude builds stand at 445.03 million bbls, according to EIA.

The oil market also gained some confidence after Russia's President Vladimir Putin and Saudi Arabia's crown prince Mohammed bin Salman met on Wednesday to discuss further cooperation on oil production and exports after the OPEC+ group announced its plans to continue voluntary cuts in the first quarter of 2024.

Other OPEC+ nations including Kuwait and Algeria have also reaffirmed their commitment to the recently announced voluntary oil supply cuts for next year, Reuters reported.

Downward pressure:

Growing concerns about China's economic health have curtailed Brent futures' gains this week. China's total oil imports declined 9% year-on-year due to increasing inventory levels and weak demand projections, Reuters reported citing customs data.

Meanwhile, Brent's price came under more downward pressure after Saudi Aramco cut official selling prices (OSP) for its flagship Arab Light crude by $0.50/bbl for January loadings to Asia, Reuters reported. In Europe, Aramco lowered its OSP for the crude grade by $2/bbl.

Saudi's decision to cut prices across markets reflects weak demand fundamentals, according to oil market analysts. "The critical factor in this week's sell-off is attributed to Saudi Arabia's announcement of a reduction in official selling prices for its flagship Arab Light crude in January," said SPI Asset Management's managing partner Stephen Innes.

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