

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

08/12/23

Most regional bunker benchmarks have gained with Brent values, and LSMGO availability is tight in Rotterdam.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$11/mt) and Rotterdam (\$10/mt), and down in Durban (\$11/mt)**
- **LSMGO prices up in Durban (\$98/mt), Rotterdam (\$21/mt) and Gibraltar (\$17/mt)**
- **HSFO prices up in Gibraltar (\$2/mt) and down in Rotterdam (\$2/mt)**

The wider ARA region is witnessing congestion and barge loading delays. As of Thursday, a supplier was facing issues due to repair work at a jetty in Rotterdam, causing barge loading delays, a source says.

Besides, Antwerp has been facing heavy congestion due to an ongoing workers' strike since Tuesday, a source says. The congestion is expected to ease from next week, the source adds.

Rotterdam's LSMGO price has seen the steepest rise compared to the other fuel grades in the region. LSMGO supply is very tight in the ARA region, a source says.

Meanwhile, Rotterdam's VLSFO price has gained in the past day, while its HSFO price has decreased some. These diverging price moves have widened Rotterdam's Hi5 spread from \$77/mt to \$90/mt now.

Furthermore, Rotterdam's LSMGO discount to Gibraltar has narrowed by \$4/mt to \$88/mt now.

Gibraltar is witnessing calmer weather conditions now after being hit by strong wind gusts earlier this morning. Bunker operations are running smoothly there, with one vessel currently waiting to receive bunkers, according to port agent MH Bland.

Malta is forecast to experience strong wind gusts of up to 30 knots on Saturday and 24 knots on Sunday, which could complicate deliveries there. Vessels can receive bunkers only in the sheltered bunkering area four, says MH Bland.

In South Africa's Durban and Richards Bay, LSMGO availability is still tight, a source says. The grade's deliveries are subject to enquiries there, the source adds.

Brent

The front-month ICE Brent contract gained \$0.90/bbl on the day, to trade at \$75.88/bbl at 09.00 GMT.

Upward pressure:

Brent futures recovered the previous day's loss after the oil market reacted positively to a joint statement released by major oil producers Saudi Arabia and Russia that urged all OPEC+ members to agree on supply cuts in a bid to "support the global economy."

"They [Saudi Arabia and Russia] stressed the importance of continuing this cooperation, and the need for all participating countries to adhere to the OPEC+ agreement, in a way that serves the interests of producers and consumers and supports the growth of the global economy," reported Saudi state-owned media agency SPA.

Last month, the Organization of the Petroleum Exporting Countries and its allies [OPEC+] agreed to a combined supply reduction of 2.2 million b/d in the first quarter of 2024. Oil analysts expect this move to support oil prices.

Brent's price gained further support after Russia agreed to disclose more data on refining and export volumes following a request from the OPEC+ group to ensure transparency, Reuters reported citing sources. This comes amid concerns in the oil market if Russia has been sticking to its oil and oil products export cuts promises.

Downward pressure:

Meanwhile, a sharp rise in Brent futures was capped due to concerns about a slowdown in global oil demand, analysts said. Data released by China yesterday showed oil imports in November fell to 10.33 million b/d, a decrease of over 1 million b/d from October's import (11.53 million b/d).

The drop in Chinese oil imports could signal declining oil demand in the world's second-largest crude oil importer.

"The momentum in oil futures rode a modest downdraft following the release of overnight trade data from China, revealing a decline in crude inflows," said SPI Asset Management's managing partner Stephen Innes. "This figure [crude imports in November] is almost 9% below the import rate from when China grappled with COVID-19 lockdown measures a year ago," he further commented.

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