ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker price benchmarks in European and African ports have mostly resisted Brent's upward movement, and Durban has run out of LSMGO supply.

Changes on the day from Friday, to 09.00 GMT today:

- **VLSFO prices up in Rotterdam ($5/mt), and down in Durban ($11/mt) and Gibraltar ($4/mt)**
- **LSMGO prices down in Durban ($33/mt), Gibraltar ($20/mt) and Rotterdam ($9/mt)**
- **HSFO prices up in Rotterdam ($2/mt), and down in Gibraltar ($20/mt)**

Durban's LSMGO price has fallen more steeply than in other European and African ports, even as supply has run out. Bunker suppliers are unsure when replenishment cargoes will arrive, after LSMGO supplies have been tightening in the port since November.

Meanwhile, barge loading delays are causing bunker congestion in Gibraltar. Currently, 14 vessels are waiting to bunker at the port, says port agent MH Bland. Two suppliers are delayed by more than 24 hours. This follows a period of rough weather, which has now improved.

Gibraltar's HSFO price has declined by $16/mt more than its VLSFO price, to boost its Hi5 spread to $97/mt.

In the nearby Ceuta port, bunkering is proceeding smoothly. A total of eight vessels are due to arrive for bunkers, says shipping agent Jose Salama & Co. A supplier has reported 6-8 hours of delay at a loading terminal.

Offshore bunkering has been suspended in Algoa Bay for over three months now, but could gradually become possible again this month.

South African customs and maritime regulators have agreed on a set of interim conditions for bunkering to get reintroduced this month, a port agent told ENGINE. These temporary conditions will be applied before the end of this month, the port agent added.

Offshore deliveries in Algoa Bay came to a halt in September after the South African Revenue Service (SARS) detained bunker barges over import duty disputes. Supply has been limited to in-port deliveries by one supplier in Port Elizabeth.

Brent

The front-month ICE Brent contract has inched $0.11/bbl up on the day since Friday, to trade at $75.99/bbl at 09.00 GMT.

Upward pressure:

Brent futures extended the previous week's gains after the oil market grew confident about a recovering global demand for crude oil.

Brent's price found support after the US government on Friday announced that it will purchase up to 3 million bbls of crude oil for its Strategic Petroleum Reserve (SPR) scheduled to be delivered in March 2024, Reuters reported. In the first week of December, the nation's SPR stood at 351.9 million bbls, down from 387 million bbls a year ago, according to Energy Information Administration (EIA) data.

Meanwhile, China said it will continue to implement fiscal and monetary policies to "spur domestic demand" to support the country's economic recovery in the coming year, Reuters quoted China's Politburo as saying. The country said it will enforce policies that will be "flexible, moderate, precise, and effective," the Politburo was further quoted as saying.

Any improvement in China's economic conditions with new monetary policies will help drive oil demand growth in the world's second-largest oil importer, analysts said.

Downward pressure:

Brent futures felt some downward pressure due to market speculation about actual supply reductions in the physical oil market.

Even though the Organization of the Petroleum Exporting Countries and allies (OPEC+) pledged a reduction of 2.2 million b/d of crude in the first quarter of 2024, non-OPEC output growth is set to counter the oil-producer group of nation's bid to bring a "balance" in the oil market with supply cuts, analysts said.

"The recent production cuts by OPEC+ have raised concerns in the oil market about the cartel's ability to control supply in the long term effectively," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, OPEC+'s new member, Brazil, which is set to join the group in January 2024 said that it will not participate in the ongoing supply reductions.

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