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China's Better Prompt Demand to Speed Up West African Sales: REA

By Bill Lehane

(Bloomberg) -- China's increased appetite for prompt crude suggests that West Africa's April-loading supply could "clear even faster," Renaissance Energy Advisors says in emailed research note, citing discussions with Chinese refiners.

- Angola's March crude sold relatively quickly and Nigeria's sales also improved month-on-month, REA says
 - READ: Nigerian Crude Selling Faster for March; Asia Snaps Up Angolan
- West African, Middle Eastern premiums have been supported by Unipet's active buying in the January and February cycles
 - READ: China's Oil Buying Spree a Boost for Global Demand Outlook
- Saudi Aramco's move to increase its latest OSP for Asia also shows "increased confidence in the return of Chinese demand"
 - READ: Saudi Arabia Unexpectedly Raises Oil Prices for Next Month
- Factors supporting Chinese demand include: better domestic refining margins, higher product export quotas and refining run ramp-ups at new refineries like the 320k b/d Shendong plant
- Still, despite the optimism around China, REA holds its view that global demand will rise by 800k b/d this year, citing weaker diesel use for construction, lower trucking demand and a consensus view that China's GDP growth will come in at the lower end of expectations
- Since OPEC+ is "showing no indication of changing course" front-month prices have been supported by supply-side issues in Turkey and Russia's production cut, although the latter was "largely shrugged off by the market"
- "With the market well balanced, the path to \$100/bbl remains unclear, anchoring our view that flat prices are expected to continue to exert some stickiness and remain in a tight range of \$80-90"

To contact the reporter on this story:

Bill Lehane in London at blehane@bloomberg.net

To contact the editors responsible for this story:

Alaric Nightingale at anightingal1@bloomberg.net

Carolynn Look