

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks in European and African ports have tracked Brent's decline, and bunkering operations have resumed in Gibraltar port.

Changes on the day from Friday to 09.00 GMT today:

- **VLSFO prices down in Durban (\$18/mt), Gibraltar (\$12/mt) and Rotterdam (\$10/mt)**
- **LSMGO prices down in Durban (\$41/mt), Rotterdam (\$26/mt) and Gibraltar (\$19/mt)**
- **HSFO prices down in Rotterdam (\$13/mt) and Gibraltar (\$7/mt)**

Bunker benchmarks in major European and African ports have again declined over the weekend.

Rotterdam's LSMGO prices fell steeper compared to its VLSFO and HSFO price declines in the port. LSMGO availability is good for prompt delivery dates in Rotterdam and in the wider ARA hub. Lead times of 3-5 days are recommended for LSMGO, a trader said.

Gibraltar port resumed operations after adverse weather conditions disrupted inbound vessel traffic for a brief period on Friday. Calmer weather conditions over the weekend allowed suppliers to clear bunker backlogs. Four vessels were waiting for bunkers this morning, down from 13 vessels on Friday, port agent MH Bland said. One supplier is experiencing delays of 10 hours in Gibraltar.

In nearby Ceuta port, bunker operations continue to run smoothly, where seven vessels are due to arrive for bunkers today, according to shipping agent Jose Salama & Co.

Bunkering is currently available only at the sheltered bunkering area four off Malta, MH Bland says. Strong wind gusts of up to 27 knots are forecast to hit the region tomorrow, which could keep bunkering limited in the port. All bunker suppliers are reporting supply delays off Malta.

## **Brent**

The front-month ICE Brent contract has declined \$2.66/bbl on the day from Friday, to trade at \$77.84/bbl at 09.00 GMT.

### **Upward pressure:**

The ongoing conflict in the Middle East has once again taken the centre-stage. Brent futures found some support from recent developments in the Hamas-Israel war, which has rekindled supply concerns in the region.

The Israel Defense Forces (IDF) have claimed that Palestine-based Hamas militants failed to oblige the cease-fire agreement that was agreed upon last week in exchange for the hostages on both sides.

Meanwhile, the US military said on Sunday that Yemen-based militant group Houthi launched drone attacks on multiple commercial vessels in the southern part of the Red Sea, reported Reuters.

Oil market analysts are anticipating supply disruptions because of this intense conflict.

### **Downward pressure:**

Demand woes have curbed Brent futures' gains this week after energy service company Baker Hughes reported a rise in active oil rigs in the US on Friday. The latest Baker Hughes report indicates a potential crude supply surplus as well as an oil demand shortage in the country.

US oil rigs rose by five to 505 in the week ended 1 December, Baker Hughes reported.

Meanwhile, oil market analysts are concerned about whether OPEC+ producers will adhere to the recently announced production cuts for 2024.

"The lack of an official announcement, with details gradually appearing from individual member states indicated there's no firm commitment to the 2.2 million b/d cut," said OANDA's senior market analyst Craig Erlam.

Oil traders and analysts are worried if the producers will fully commit to these cuts. "It seems traders either aren't buying that members will be compliant or don't view it as being sufficient," Erlam added.

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