ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and Algoa Bay offshore bunkering could resume in February.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar ($6/mt), and down in Rotterdam ($11/mt) and Durban ($1/mt)**
- **LSMGO prices up in Gibraltar ($8/mt) and Rotterdam ($6/mt), and down in Durban ($32/mt)**
- **HSFO prices up in Gibraltar ($14/mt) and down in Rotterdam ($7/mt)**

All three bunker benchmarks in Gibraltar have gained steeper than other two ports. Availability is normal for all grades at Gibraltar, a trader says. Recommended lead times for LSMGO and VLSFO are 3-5 days, while 4-5 days for HSFO.

Meanwhile, barge loading delays are still causing congestion in Gibraltar. Currently, ten vessels are waiting to bunker at the port, down from 14 yesterday, says port agent MH Bland. Two suppliers are delayed by more than 24 hours.

Adverse weather conditions at the Mediterranean port of Malta have impacted bunker operations since last week. Currently, bunkering is limited to the sheltered bunkering area four, according to MH Bland. The forecast indicates that wind gusts of 20 knots will hit the region today, before strengthening to 23 knots tomorrow.

In the wider ARA hub, availability for all three bunker fuel grades is said to be normal, a trader said. Lead times of 5-7 days are recommended for HSFO and VLSFO, and shorter lead times of 4-5 days for LSMGO.

Rotterdam's HSFO price declined by $7/mt helped by a lower-priced HSFO stem fixed at $425/mt.

Offshore bunkering in Algoa Bay is expected to resume by 1 February, a port agent told ENGINE. However, two other port agents were unable to confirm this, and one of them hinted that the timeline of resumption might be mere rumours, citing the absence of an official notification from the authorities.

Offshore deliveries in Algoa Bay came to a halt in September after 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 moved $0.25/bbl up on the day, to trade at $76.24/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained upward momentum ahead of key US interest rate decisions. The two-day US Federal Open Markets Committee's (FOMC) monetary policy meeting is scheduled to end tomorrow.

Brent's price is expected to remain stable following the conclusion of the last 2023 FOMC meeting. Oil market analysts anticipate that the US Federal Reserve will maintain interest rates at their current level for the remainder of this year.

"Oil [Brent] prices showed signs of stabilization on Monday, with investors shifting their attention to the Federal Open Market Committee (FOMC)," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, growing tension in the Middle Eastern conflict also provided some support to Brent futures today. A missile launched by Yemen-based Houthis militants struck a Norwegian chemical tanker in the Red Sea yesterday, causing fire and damage to the vessel, Reuters reported citing two US defence officials. The militant group has warned that it will target every vessel bound for Israel.

The recent missile and drone attacks on vessels in the Red Sea have raised concerns about the safety of oil shipments in the region. This has further stirred supply concerns in the oil market again and pushed Brent's price further up.

Downward pressure:

Multiple factors such as growing crude oil inventories in the US and general lag in oil demand in countries like China have added downward price pressure on Brent in recent days.

Moreover, uncertainties regarding the leading oil producer group's (OPEC+) production cut policies have led to Brent's price settling lower, analysts said. A recent Reuters survey also found that traders and analysts believe the OPEC+ 2.2 million b/d production cut will not be sufficient to boost Brent prices.

"For oil traders, the concerns are more about weekend demand fears," said Price Futures Group's senior market analyst Phil Flynn. "Last week Chinese oil imports hit a 7-month low and raised concern about their demand as US production is at record highs," he further added.

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