

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in most European and African ports have tracked Brent's decline, and congestion in Gibraltar has caused bunker delays.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$59/mt), Rotterdam (\$30/mt) and Gibraltar (\$23/mt)**
- **LSMGO prices down in Durban (\$58/mt), Rotterdam (\$47/mt) and Gibraltar (\$38/mt)**
- **HSFO prices down Gibraltar (\$19/mt) and Rotterdam (\$18/mt)**

Durban's VLSFO price has declined steeper compared to Rotterdam and Gibraltar's VLSFO prices. A lower-priced non-prompt VLSFO stem fixed at \$661/mt for 150-500 mt in Durban has added to the downward pressure on the benchmark.

Lead times of 5-7 days are recommended for VLSFO in Durban, a trader says.

Meanwhile, some lower-priced stems fixed for all three grades in Rotterdam have dragged the benchmarks' prices lower. One HSFO stem was fixed in Rotterdam at \$434/mt yesterday, and another 500-1,500 mt VLSFO at \$514/mt.

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

Congestion persists in Gibraltar amid barge loading delays, port agent MH Bland said. Currently, 10 vessels are waiting to bunker at the port, unchanged from yesterday.

Rough weather conditions continue to impact bunkering off Malta. Several suppliers are reporting bunker delays because of rough weather. Lead times of more than seven days are generally recommended by suppliers, a trader says.

Strong wind gusts of 24 knots are forecast to hit the region today. Stems are currently being supplied only at the bunkering area four, MH Bland says.

Brent

The front-month ICE Brent contract lost \$3.63/bbl on the day, to trade at \$72.61/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained some support after the American Petroleum Institute (API) reported a 2.35 million bbls decline in US commercial crude oil inventories in the week ended 8 December.

Recent missile strikes and drone attacks on vessels bound for Israel have increased the risk of shipping oil tankers through the Red Sea. Brent's price found some support amid concerns about shipping oil around the region.

Earlier this week, the Houthi rebel group in Yemen warned they would attack ships heading to Israeli ports in retaliation for the country's actions in Gaza.

Downward pressure:

Brent futures fell sharply after the US Consumer Price Index (CPI) report disappointed global markets, wiping out the previous day's gains. The oil market faces challenges due to higher-than-expected US inflation numbers in November, reported Reuters.

The latest US CPI figures reinforced speculations that the US Federal Reserve (Fed) could increase interest rates to control inflation, after it concludes the two-day Federal Open Market Committee (FOMC) meeting today, analysts said.

The US CPI report "indicated that inflation remained persistent in November despite a widespread decrease in gasoline and energy prices," said SPI Asset Management's managing partner Stephen Innes. "This development diminishes the outlook for the Federal Reserve [Fed] to initiate interest rate cuts as aggressively as market pricing, which raises the odds of a Fed-induced recession," he further added.

Higher interest rates potentially impact consumer spending, especially on commodities like oil, which in turn could lower demand growth.

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