

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

14/12/23

Regional bunker benchmarks in European and African ports have followed Brent's upward swing, and upcoming rough weather could impact bunkering in Gibraltar and Algeciras.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$33/mt), Rotterdam and Gibraltar (\$25/mt)**
- **LSMGO prices up in Durban (\$52/mt), Gibraltar (\$32/mt) and Rotterdam (\$24/mt)**
- **HSFO prices up in Rotterdam (\$21/mt) and Gibraltar (\$18/mt)**

The increase in VLSFO prices in both Gibraltar and Rotterdam by \$25/mt has kept Gibraltar's VLSFO premium over Rotterdam unchanged at \$65/mt. Some higher-priced stems fixed in both ports yesterday have supported the benchmarks' price gains.

Rotterdam's Hi5 spread has widened by \$4/mt to \$81/mt now. All grades remain in good supply in the port, a trader says.

Currently, 10 vessels are waiting for bunkers in Gibraltar, unchanged since Tuesday, port agent MH Bland said. Bunker barge loading delays in the port have resulted in bunkering delays in the port. Two suppliers are experiencing delays of around 24 hours in Gibraltar.

Strong wind gusts of up to 30 knots are forecast to hit Gibraltar Strait tomorrow and over the weekend, which could cause prolonged delays and bunkering disruptions in Gibraltar Strait ports.

Bunkering is going ahead as usual in Ceuta, where 10 vessels are scheduled to arrive for bunkers today, according to shipping agent Jose Salama & Co.

LSMGO availability remains very tight in the South African ports of Durban and Richards Bay. Lead times of over ten days are generally recommended due to the limited supply of the grade. Some bunker suppliers are unable to confirm when replenishment cargoes will arrive to ease supply pressure. Availability of the grade has been tight since November.

## **Brent**

The front-month ICE Brent contract gained \$2.66/bbl on the day, to trade at \$75.27/bbl at 09.00 GMT.

### **Upward pressure:**

Brent's price moved up after the US Energy Information Administration reported a bigger-than-expected US crude stock draw. Commercial US crude inventories dropped by 4.26 million bbls on the week, to 440.77 million bbls on 8 December, according to the EIA.

"[Brent] prices received an early session bid from the weekly inventory report released by the Energy Information Administration [EIA]," said SPI Asset Management's managing partner Stephen Innes.

The US Federal Reserve left interest rates unchanged after it concluded the two-day Federal Open Market Committee (FOMC) meeting yesterday. However, the central bank signalled that it will consider interest rate cuts next year. The anticipation of lower interest rates further fuelled Brent's rally.

A more positive demand forecast emerged in the oil market following the Fed's 'dovish' signals of lower borrowing costs expected in 2024, analysts said. "This development [FOMC meeting] significantly reduced the likelihood of an economic slowdown in 2024 that could adversely impact demand," Innes added.

Lower interest rates reduce consumer borrowing costs, thereby stimulating economic growth and demand for oil.

### **Downward pressure:**

Concerns about slowing demand in China topped with the latest disappointing US Consumer Price Index (CPI) report have added some downward pressure on Brent futures.

China's latest oil import data for November has disappointed the market, analysts said. Imports fell to 10.33 million b/d, a decrease of over 1 million b/d from October's import (11.53 million b/d).

The drop in Chinese oil imports could signal declining oil demand in the world's second-largest crude oil importer.

*By Manjula Nair and Aparupa Mazumder*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://freightinvestorservices.com)