

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Most bunker benchmarks in European and African ports have tracked Brent's gains, and bunker operations have been partially suspended in Huelva.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$14/mt), Rotterdam (\$11/mt) and Gibraltar (\$8/mt)**
- **LSMGO prices up in Rotterdam (\$13/mt) and Durban (\$10/mt), and down in Gibraltar (\$6/mt)**
- **HSFO prices up in Rotterdam (\$9/mt) and down in Gibraltar (\$13/mt)**

Gibraltar's HSFO price has moved counter to the general market direction and declined in the past day. One non-prompt 500-1,500 mt HSFO stem fixed at \$467/mt yesterday has pulled the benchmark's price lower. In contrast, Gibraltar's VLSFO price has gained some in the past day. The diverging price moves have widened Gibraltar's Hi5 spread by \$21 to \$113/mt now.

Gibraltar's LSMGO price has also come down with support from a lower-priced stem fixed yesterday.

Congestion in Gibraltar has eased now, with three vessels currently waiting for bunkers there, down from 10 yesterday. Two bunker suppliers are still reporting delays of around 24 hours, port agent MH Bland says.

Strong wind gusts of up to 27 knots are forecast to hit Gibraltar later today. High winds could impact bunkering in the port. Weather conditions are forecast to remain rough over the weekend as well, which could cause prolonged delays and bunkering disruptions.

Meanwhile, bunker operations have been partially suspended in the Port of Huelva today due to rough weather conditions, says MH Bland. Currently, bunker deliveries can be carried out only via barge at the anchorage area, MH Bland adds. Strong wind gusts of up to 32 knots are forecast to hit the region this afternoon.

Bunkering in Huelva is expected to fully resume by 13.00 local time (12.00 GMT) tomorrow when calmer weather is forecast, the port agent told ENGINE.

Brent

The front-month ICE Brent contract gained \$1.80/bbl on the day, to trade at \$77.07/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained upward momentum after the International Energy Agency (IEA) forecasted global oil demand to grow in 2024.

The Paris-headquartered agency expects global oil consumption to grow by 1.1 million b/d in 2024, up by 130,000 b/d from last month's forecast due to improving oil demand scenarios in growing economies.

Moreover, the US Federal Reserve (Fed) indicated rate cuts in 2024, at its latest monetary policy meeting. The anticipation of lower interest rates had added upward price pressure on Brent, analysts said.

"Recent key economic data and events supported the current gain in oil prices seen in the last two days," said OANDA's market analyst Kelvin Wong.

"Oil [Brent] prices have seen a bit of a "demand pull" factor due to the improved liquidity conditions after the US Federal Reserve's dovish pivot on Wednesday," he further added.

Downward pressure:

Global oil supply is expected to increase in 2024 due to a rise in non-OPEC production, which may put downward pressure on Brent prices, analysts said.

The IEA expects crude oil production to grow in the US, Brazil, and Guyana, contributing to a rise in global output in the coming year. If an oil surplus occurs, it could potentially drag Brent prices lower.

"Non-OPEC+ production is expected to drive gains in 2024, with the United States [US] leading the expansion," SPI Asset Management's managing partner Stephen Innes said. "OPEC+ is projected to decline in market share in 2023, reaching its lowest level since 2016," he further added.

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