

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

18/12/23

Bunker benchmarks in European and African ports have mostly resisted Brent's drop in values, and rough weather is forecast in several Mediterranean ports this week.

Changes on the day from Friday, to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$10/mt), Durban (\$5/mt) and Gibraltar (\$3/mt)**
- **LSMGO prices up in Gibraltar (\$1/mt), and steady in Rotterdam and Durban**
- **HSFO prices up in Gibraltar (\$4/mt) and steady in Rotterdam**

Rotterdam's VLSFO price has increased in the past day, outpacing gains in Gibraltar and Durban. In contrast, Rotterdam's HSFO price has been unchanged over the weekend. These price moves have widened the port's Hi5 spread by \$10/mt to \$93/mt now.

Meanwhile, in Gibraltar, a higher-priced prompt VLSFO stem raised the port's benchmark since Friday, even as Brent has fallen modestly.

There are currently three vessels waiting for bunkers in Gibraltar amid bunker barge delays, says port agent MH Bland. One supplier is reporting over 24 hours of delays at the port.

Rough weather conditions are expected to hit the bay this week, with strong wind gusts of 26 knots forecast on Wednesday.

In the nearby port of Algeciras, bunkering operations have been suspended in the outer anchorage area due to adverse weather conditions, says MH Bland. The inner anchorage remains open but is experiencing strong congestion. All suppliers in the port are reporting delays between 12-14 hours.

Bunkering is progressing smoothly in Ceuta. There are nine vessels scheduled to arrive for bunkers today, says shipping agent Jose Salama and Co. A supplier is reporting four hours of delay at one of the terminals.

Bad weather has held up bunker operations at Las Palmas' outer anchorage over the weekend. The port authority has closed the anchorage until further notice, says MH Bland. Strong wind gusts of 21 knots are forecast in Las Palmas on Thursday.

Brent

Front-month ICE Brent contract has shed \$0.10/bbl on the day from Friday, to trade at \$76.97/bbl at 09.00 GMT.

Upward pressure:

Brent has gained some upward momentum after the Israel-Hamas conflict rekindled crude oil supply concerns in the oil market. The Yemen-based Houthi militant organisation launched several drone attacks on commercial vessels sailing in the Red Sea over the weekend.

“Escalating shipping concerns in the Red Sea also added to the risk premium for oil,” said ING Bank’s head of commodities strategy Warren Patterson.

Container shipping line Mediterranean Shipping Company (MSC) said that it would avoid using the East-West trade route in the Suez Canal, after the Houthis attacked one of its vessels. On Friday, the *Palatium III* was attacked in the Bab al-Mandab Strait in the southern part of the Red Sea, according to Reuters.

Several shipping firms, including French container firm CMA CGM and Danish shipping company A.P. Moller-Maersk, have also said that they are suspending shipments across the Red Sea.

Downward pressure:

A weaker global crude oil demand projection for this year as a whole has contributed to cap Brent gains in recent days.

Brent futures have lost upward momentum after the International Energy Agency (IEA) revised its oil demand forecast downward. The Paris-based agency now projects that global oil demand will reach 101.7 million b/d this year, which is down by 300,000 b/d from its estimate in November.

“The monthly report from IEA was quite soft as demand was downgraded mostly from Europe,” Patterson commented.

“The agency [IEA] revised down demand estimates for 4Q23 [fourth quarter 2023] by around 400Mbbbls/d [400,000 b/d] due to slower demand in Europe,” he said.

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