ENGINE: Europe & Africa Bunker Fuel Market Update

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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 400Mbbls/d [400,000 b/d] due to slower demand in Europe,” he said.

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