

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

21/12/23

Bunker prices have held broadly steady in the past day, and there are some backlogs in the Gibraltar Strait.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$3/mt) and Durban (\$1/mt), and down in Rotterdam (\$3/mt)**
- **LSMGO prices up in Rotterdam (\$1/mt), steady in Gibraltar, and down in Durban (\$14/mt)**
- **HSFO prices up in Gibraltar (\$5/mt), and down in Rotterdam (\$5/mt)**

Rotterdam's HSFO price has come off slightly amid pressure from two lower-priced HSFO stems in the past day.

Rotterdam's LSMGO price has come slightly up, supported by three higher-priced LSMGO stems fixed at the port in the past trading session.

Gibraltar's HSFO and VLSFO prices have tracked Brent's upward movement and registered gains in the past day. Gibraltar's Hi5 spread has narrowed by \$2/mt to \$131/mt now.

Six vessels are waiting for bunkers at Gibraltar port amid barge loading delays, says port agent MH Bland. One supplier is reporting 8-12 hours of delay. After facing rough weather over the past few weeks, calmer weather is forecast in Gibraltar for the rest of the week.

Meanwhile, Ceuta port is open and functioning normally. Altogether, 11 vessels are due to arrive in Ceuta for bunkers today, said shipping agent Jose Salama & Co. There are currently two waiting to bunker in the anchorage area. A supplier is reporting delays of six hours at one of the terminals.

Off Malta, bunkering area six is currently operational. Later this afternoon, bunkering area three is also expected to open, says MH Bland. All suppliers are reporting delays in Malta.

Rough weather is forecast off Malta today, with wind gusts of 21 knots. Adverse weather conditions will intensify on Friday with wind gusts of 39 knots forecast.

## **Brent**

The front-month ICE Brent contract gained \$0.28/bbl on the day, to trade at \$80.10/bbl at 09.00 GMT.

### **Upward pressure:**

Drone attacks by Iran-aligned Houthi militants in the Red Sea have caused substantial delays to commercial shipping voyages, including those of oil tankers, this week. It has also supported Brent's price.

"For the oil trade, it is a wake-up call," commented Price Futures Group's senior market analyst Phil Flynn.

Sustained Houthi attacks on vessels sailing in the Red Sea, and rising war-risk premiums, have put upward pressure on Brent futures, analysts said.

"War premium is a real cost. Because we are seeing shipments being delayed, taking longer routes is a real cost," Flynn added.

### **Downward pressure:**

Brent gains have been capped by a bigger-than-expected US crude stock build reported by the US Energy Information Administration (EIA). This could signal weaker demand growth in the world's largest oil-consuming country.

Commercial US crude inventories increased by 2.90 million bbls on the week, to 443.68 million bbls on 15 December, according to the EIA.

The weekly stock build was bigger than the American Petroleum Institute's (API) projection of a 939,000 bbl build a day earlier.

Meanwhile, Brent futures felt additional downward pressure after domestic US oil production hit a record high, said SPI Asset Management's managing partner Stephen Innes.

"A noteworthy milestone accompanied this surge [in US crude stocks], as domestic US oil production reached a new record high of 13.3 million barrels per day [b/d]," Innes 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](http://freightinvestorservices.com)