ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly gained in European and African ports, and bunker demand has increased in the Canary Islands.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar and Durban ($11/mt), and down in Rotterdam ($6/mt)**
- **LSMGO prices up in Gibraltar ($7/mt) and Durban ($1/mt), and down in Rotterdam ($2/mt)**
- **HSFO prices up in Gibraltar ($8/mt) and Rotterdam ($2/mt)**

Bunker demand has gone up in ports in southern Africa and the Canary Islands as several shipping companies have diverted vessels around the Cape of Good Hope to avoid tensions in the Red Sea.

There are more bunker enquiries for Las Palmas and Tenerife now, a trader says. Most suppliers are offering deliveries with lead times of 5-7 days for VLSFO and LSMGO. HSFO availability is tighter with longer recommended lead times of 7-10 days.

The Port of Gibraltar will remain fully operative during the Christmas and New Year holidays. Physical bunkering will continue uninterrupted in Algeciras and Ceuta through the holiday period, but pilot services will be halted overnight between 24-25 December.

Bunkering operations have been temporarily suspended off Malta due to adverse weather conditions, says port agent MH Bland. Wind gusts of 40 knots are forecast to hit the island later today and it will have strong winds into the weekend.

Brent

The front-month ICE Brent contract has inched $0.13/bbl up on the day, to trade at $80.23/bbl at 09.00 GMT.

Upward pressure:

Brent futures have managed to hold above the $80/bbl mark this week, propped up by the Red Sea crisis and disruptions to global commodity shipping.

Oil traders are keeping a “close eye on the geopolitical risk premium, providing support for oil [Brent] prices,” said SPI Asset Management’s managing partner Stephen Innes.

About 12% of global oil shipments go through the Red Sea, according to the US Energy Information Administration (EIA).

Downward pressure:

Brent futures came under some downward pressure after Angola withdrew from OPEC. This move has sparked questions about the group’s ability to control oil output with a consensus.

“News today that Angola is leaving OPEC is raising concerns that there might be growing pressure within the OPEC cartel to raise production,” said Price Futures Group’s senior market analyst Phil Flynn.

Angola's oil minister Diamantino Azevedo said OPEC and its allies, known as OPEC+, do not serve Angola’s interests, Reuters reports.

“Today the concern is that Angola’s departure might signal some underlying tension with the fact that the cartel is losing market share to non-OPEC producers and mainly the United States,” Flynn adds.

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