

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

03/01/24

Regional bunker benchmarks have declined with Brent, and Luanda in West Africa sees an increase in bunker demand amid Red Sea vessel diversions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$45/mt), Gibraltar (\$30/mt) and Rotterdam (\$26/mt)**
- **LSMGO prices unchanged in Durban, and down in Rotterdam and Gibraltar (\$27/mt)**
- **HSFO prices down in Gibraltar (\$23/mt) and Rotterdam (\$13/mt)**

Most bunker benchmarks in key European and African ports have declined. Gibraltar's VLSFO price drop has been slightly steeper compared to HSFO. The price moves have narrowed the port's Hi5 spread by \$7/mt to \$95/mt now.

Lead times of 4-6 days are recommended for HSFO and LSMGO, and 5-6 days for VLSFO in Gibraltar, a trader says.

LSMGO prices in both Gibraltar and Rotterdam have declined by \$27/mt, to keep Rotterdam's discount to Gibraltar unchanged at \$95/mt. Prompt LSMGO availability in Rotterdam and in the wider ARA hub is good. Lead times of 4-5 days are recommended for LSMGO, and 5-7 days for HSFO and VLSFO.

Meanwhile, LSMGO availability remains very tight in Durban where lead times of over 10 days are recommended for the grade. VLSFO is relatively better there, with short lead times of 5-7 days.

A bunker trader operating in the port of Luanda in Angola in West Africa has reported a notable increase in bunker-only calls at Luanda anchorage as vessels reroute around Africa to avoid attacks in the Red Sea. VLSFO availability is good in the port and lead times of 7-10 days are recommended for the grade.

## **Brent**

The front-month ICE Brent contract plunged by \$3.11/bbl on the day, to trade at \$75.31/bbl at 09.00 GMT.

### **Upward pressure:**

Supply disruption concerns in the Middle East have supported Brent's upward move this week.

The recent attacks on the Maersk Hangzhou by the Houthis in the Red Sea have again raised concerns about maritime security in the region. The vessel was attacked twice over the weekend, first by an aerial attack and then by four Houthi boats. The incident prompted the Danish shipping firm A.P. Moller-Maersk to suspend all operations in the Red Sea and the Gulf of Aden until further notice.

This, combined with the Israel-Hamas conflict extending into the Red Sea, has sparked a debate about a larger regional feud involving other countries like Iran and the US, which could potentially impact crude flows in the region.

"There has been growing pressure on the US to respond to these [Red Sea] attacks and now they have," said Price Futures Group's senior market analyst Phil Flynn.

"Iran is responding by sending its warship called the Alborz destroyer through the strategic Bab al-Mandeb Strait and the Houthis are warning of repercussions," he further added.

### **Downward pressure:**

Brent's gains have been curtailed by signs that China's economic growth is lagging, which can cause China's oil demand to decline.

The decline in China's Manufacturing Purchasing Managers Index (PMI) from 49.4 in November to 49 in December 2023, as reported by Bloomberg citing data from China's National Bureau of Statistics (NBS), indicates a slowdown in the country's manufacturing sector.

Weak economic data from China and Europe at the start of 2024 are "diminishing optimism about U.S. rate cuts," and exerting downward pressure on oil, SPI Asset Management's managing partner Stephen Innes said.

"Coupled with a strengthening U.S. dollar, it [China's economic data] contributed to the negative trajectory of oil prices as traders remained on headline watch," he added.

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