

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Most bunker benchmarks have moved only marginally over the weekend, and adverse weather conditions are forecast off Malta.

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

- **VLSFO prices up in Rotterdam and Durban (\$3/mt), and down in Gibraltar (\$9/mt)**
- **LSMGO prices up in Rotterdam (\$2/mt), and down in Durban (\$14/mt) and Gibraltar (\$6/mt)**
- **HSFO prices down in Rotterdam (\$5/mt) and Gibraltar (\$2/mt)**

Rotterdam's HSFO price has dipped with Brent over the weekend. One lower-priced HSFO stem fixed for prompt delivery has added downward pressure on the benchmark. Lead times of 5-7 days are recommended for HSFO and VLSFO in the ARA hub, according to a trader. LSMGO availability is better for prompt deliveries, with lead times of 2-4 days recommended for the grade.

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

Strong wind gusts of 35 knots are forecast off Malta today. Adverse weather will continue into Tuesday with wind gusts of 38 knots forecast in the area.

Meanwhile, African ports continue to witness strong demand from vessel diverted to avoid the Red Sea. The highest activity levels have been seen at the Lome anchorage off Togo and bunker areas off Ivory Coast and Congo, Simon Piredda, a senior bunker trader from Denmark-based supplier Monjasa told ENGINE.

## **Brent**

The front-month ICE Brent contract has shed only \$0.03/bbl on the day from Friday, to trade at \$78.09/bbl at 09.00 GMT.

### **Upward pressure:**

The heightened tensions in the Middle East and supply disruptions in Libya have added upward pressure on Brent prices. Local protests in Libya compelled the country's largest oil field el-Sharara to fully shut operations last week.

"Middle East tensions and Libyan supply disruptions provided a boost to oil [Brent] prices," two analysts from ING Bank said.

Meanwhile, shipping firms continue to remain cautious and avoid transiting through the Bab al-Mandeb Strait in the Red Sea due to recurring Houthi attacks on commercial vessels.

Israel's Prime Minister Benjamin Netanyahu has reiterated the country's commitment to the conflict with Hamas militants until it is convinced that the Palestine-based militants are eliminated from the Gaza Strip.

"Elevated geopolitical risks managed to counterbalance the bearish impact of a U.S. Energy Information Administration (EIA) inventory report released Thursday past," said SPI Asset Management's managing partner Stephen Innes.

### **Downward pressure:**

Brent futures felt downward pressure after Saudi Aramco cut its official selling price (OSP) of its flagship Arab Light crude to Asia in February, Reuters reported.

"Cuts were seen across the board with the flagship Arab Light into Asia cut by \$2/bbl MoM to leave it at \$1.50/bbl over the benchmark," ING Bank analysts said. "The decrease was larger than the market was expecting," they further added.

Additionally, Brent futures shed some previous gains following a huge build of US gasoline and distillate stocks in the week ending 29 December. The rise in gasoline and distillate stocks indicates that demand for these fuels declined in the US during the week.

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