ENGINE: Europe & Africa Bunker Fuel Market Update

10/01/24

Regional bunker benchmarks in European and African ports have moved in mixed directions, and prompt HSFO availability is tight in Gibraltar Strait ports.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam ($3/mt), and down in Durban ($32/mt) and Gibraltar ($2/mt)**
- **LSMGO prices up in Durban ($10/mt) and Rotterdam ($3/mt), and down in Gibraltar ($ 3/mt)**
- **HSFO prices up in Rotterdam ($2/mt), and unchanged in Gibraltar**

LSMGO availability is good for prompt delivery in the wider ARA hub. Recommended lead times are 2-4 days for the bunker fuel grade, according to a trader. Meanwhile, longer lead times of 5-7 days are recommended for HSFO and VLSFO, the trader added.

Prompt HSFO availability is tight across Gibraltar Strait ports. One supplier has held back HSFO offers this week as it is working on resupply cargo, adding supply pressure on others' supply, a trader said. Lead times of 5-7 days are recommended for the grade, up from last week's 4-5 days.

LSMGO and VLSFO availability is relatively better in the Gibraltar Strait ports, with lead times of 4-6 days recommended for LSMGO and 5-6 days for VLSFO. Strong wind gusts of up to 27 knots are forecast to hit the region on Friday, which could impact bunkering in the ports there.

Off Malta, bunkering operations were briefly halted yesterday due to adverse weather conditions, but later resumed. As of now, bunkering area three is operational off Malta, says port agent MH Bland.

Meanwhile, African ports continue to see strong demand amid vessel diversions around the Cape of Good Hope. Richards Bay and Durban have witnessed a spike in the number of stems booked in the past week, according to ENGINE data.

Durban’s VLSFO price has declined sharply in the past day. Two lower-priced VLSFO stems booked for non-prompt delivery in Durban added downward pressure on the benchmark.

Brent

The front-month ICE Brent contract gained $0.61/bbl on the day, to trade at $77.45/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained to reverse some earlier losses after the American Petroleum Institute (API) reported a massive decline in US crude stocks, indicating demand growth in the world's leading oil consumer.

Commercial US crude inventories declined by 5.2 million bbls in the week ended 5 January, according to API data.

The rising Houthi attacks on vessels in the Red Sea are raising concerns about oil shipments in the region, which could potentially result in higher Brent prices, analysts said.

"Brent crude settled around $78 per barrel, and traders are assessing factors such as disruptions in the Red Sea, a critical shipping lane," SPI Asset Management's managing partner Stephen Innes said.

Downward pressure:

Downward pressures acting on Brent futures this week arise from weak demand indications in China, the second-largest oil consumer of the world.

China's state-owned refiners, Sinopec and PetroChina, reduced their refinery run rates in December due to weak domestic demand, market intelligence provider JLC reported. The decline in refinery runs suggests that demand in China is still lagging.

Meanwhile, Brent futures could come under additional downward pressure if Russia fails to adhere to the latest production quotas set by the OPEC+ oil-producer group, analysts said.

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