

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have tracked Brent's upward movement, and adverse weather conditions could impact bunkering in Gibraltar Strait ports.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$14/mt) Gibraltar (\$9/mt) and Rotterdam (\$7/mt)**
- **LSMGO prices up in Durban (\$30/mt), Gibraltar (\$21/mt) and Rotterdam (\$20/mt)**
- **HSFO prices up in Gibraltar (\$9/mt) and Rotterdam (\$5/mt)**

Gibraltar's HSFO and VLSFO have both gained by \$9/mt in the past day, to keep the port's Hi5 spread unchanged at \$98/mt.

Strong wind gusts of 20-24 knots are forecast in the Strait of Gibraltar today, which could impact bunkering in the ports there.

LSMGO prices in all three European and African ports have gained steeper compared to VLSFO and HSFO gains. Gibraltar's LSMGO premium over Rotterdam remains steady at \$88/mt.

Durban's LSMGO price gain has outpaced that of Rotterdam and Gibraltar's. LSMGO is very tight at Durban with lead times stretching to more than ten days, according to a trader. VLSFO supply is comparatively better with shorter lead times of 5-7 days recommended for the grade.

Vessel diversions around Africa have heightened bunker demand in the South African ports of Richards Bay and Durban.

Brent

The front-month ICE Brent contract gained \$1.94/bbl on the day, to trade at \$79.23/bbl at 09.00 GMT.

Upward pressure:

Brent futures moved up following the overnight airstrikes in Yemen conducted by the US and UK military forces, which targeted locations reportedly used by Iran-aligned Houthi militants.

“These strikes are in direct response to unprecedented Houthi attacks against international maritime vessels in the Red Sea,” said US President Joe Biden in a statement

Brent’s prices also gained after Iran confirmed the seizure of an oil tanker in the Gulf of Oman that it claims to be US-affiliated. “This will be a worry for oil markets if we see incidents [oil tanker seizure] like this becoming more regular,” two analysts from ING Bank said.

The speculation about a potential larger regional conflict impacting oil supply in the Strait of Hormuz, a critical transit route for oil, has raised concern within the oil market.

“The Gulf of Oman is very near the Strait of Hormuz, a critical chokepoint for oil flows,” the analysts further added.

Downward pressure:

Brent futures felt some downward pressure after the US Energy Information Administration (EIA) reported a surprise build of 1.34 million bbls in US crude oil stocks.

The EIA also reported an increase in US distillate stocks, which include diesel and gasoil, for the seventh week. This suggests a lagging demand in the world’s largest oil-consuming country.

“The EIA report slowed the petroleum market momentum,” said Price Futures Group’s senior market analyst Phil Flynn.

By Manjula Nair and Aparupa Mazumder

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