

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

15/01/24

Most bunker benchmarks in European and African ports have tracked Brent's decline, and bunker operations have been partially suspended in Huelva.

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

- **VLSFO prices down in Rotterdam (\$25/mt), Gibraltar (\$21/mt) and Durban (\$20/mt)**
- **LSMGO prices down in Durban (\$32/mt), Gibraltar and Rotterdam (\$10/mt)**
- **HSFO prices down in Rotterdam (\$14/mt) and Gibraltar (\$4/mt)**

A total of four lower-priced VLSFO and LSMGO stems have been fixed in Rotterdam since Friday, contributing to drag both benchmarks lower. Prompt LSMGO availability is good in the ARA hub. Lead times of 2-4 days are recommended for LSMGO, and 5-7 days for HSFO and VLSFO.

Two lower-priced stems have been booked at Gibraltar, adding downward pressure on HSFO and VLSFO prices. The port's Hi5 spread has narrowed from \$98/mt on Friday, to \$81/mt now.

Lead times of 5-7 days are recommended for HSFO, and 5-6 days for VLSFO, a trader said. For LSMGO, comparatively shorter lead times of 4-6 days are recommended.

Gibraltar is experiencing strong congestion today. Currently, 12 vessels are waiting for bunkers in the port amid bunker barge delays, port agent MH Bland said. A supplier is reporting delays of 24-32 hours there.

In Huelva, bunkering operations have been partially suspended since Sunday due to bad weather conditions, MH Bland said. Meanwhile, bunker deliveries by barge can still be carried out at the anchorage area.

Brent

The front-month ICE Brent contract moved \$1.18/bbl lower on the day from Friday, to trade at \$78.05/bbl at 09.00 GMT.

Upward pressure:

Supply disruption concerns in the oil market pushed Brent's prices up after the US and the UK military jointly conducted a series of airstrikes on Iran-aligned Houthi bases in Yemen last week.

"The US and UK attacked Houthi rebel strongholds in Yemen in response to Red Sea attacks causing oil prices to break out of their wedge," said Price Futures Group's senior market analyst Phil Flynn.

Several oil tanker firms rerouted their vessels over the weekend to avoid the southern part of the Red Sea following the US-led strikes in Yemen, causing delays in oil deliveries, Reuters reported.

"The attacks are already impacting oil transport as Shipping Data reports that at least four oil tankers have already diverted course from the Red Sea following US/UK strikes in Yemen," Flynn added.

Downward pressure:

The subdued oil demand in major global consumers, including China, has capped Brent's price gains. Chinese gasoline and diesel consumption fell in December 2023 as driving activity slowed due to falling temperatures, market intelligence provider JLC reported.

Brent futures lost some previous gains as concerns about disruptions in the Strait of Hormuz eased. The recent seizure of an oil tanker by Iran in the Gulf of Oman sparked fears of more frequent vessel seizures and potential impacts on crude flows in the region. However, these concerns eased over the weekend, SPI Asset Management's managing partner Stephen Innes.

"Market enthusiasm waned, given neither production nor flows through the Strait of Hormuz were impacted, and the market quickly pivoted back to the weaker demand signal," he added.

By Manjula Nair and Aparupa Mazumder

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com