

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have increased with Brent's values, and rough weather conditions could disrupt bunkering in Gibraltar tomorrow.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$22/mt), Gibraltar (\$16/mt) and Rotterdam (\$14/mt)**
- **LSMGO prices up in Gibraltar (\$27/mt), Durban (\$26/mt) and Rotterdam (\$7/mt)**
- **HSFO prices up in Gibraltar (\$15/mt) and Rotterdam (\$2/mt)**

Gibraltar's LSMGO price has gained sharply in the past day, outpacing the LSMGO gains of both Rotterdam and Durban. As a result, Gibraltar's LSMGO premium over Rotterdam has widened by \$20/mt to \$108/mt now.

There are currently 11 vessels waiting for bunkers in Gibraltar today, down from 12 yesterday. The congestion has been largely due to bunker barge delays, port agent MH Bland said. Wind gusts of 23-34 knots are forecast to hit Gibraltar tomorrow, which could disrupt bunkering there, MH Bland added.

Bunker operations remain partially suspended in Huelva due to strong wind gusts of 40 knots. Rough weather conditions are forecast in periods until Saturday, which could keep bunkering disrupted there, MH Bland said. Meanwhile, bunker deliveries by barge can still be carried out at anchorage.

Off Malta, most suppliers are reporting bunkering delays amid rough weather conditions. Currently, only one in six bunkering areas are open for supply.

## **Brent**

The front-month ICE Brent contract gained \$0.48/bbl on the day, to trade at \$78.53/bbl at 09.00 GMT.

### **Upward pressure:**

Growing conflict in the Middle East has continued to put upward pressure on Brent futures.

The Iran-aligned Houthi militants fired an anti-ship ballistic missile yesterday, hitting a US-operated dry bulk carrier, US Central Command (CENTCOM) said. The Yemeni militant group continue to target commercial vessels in the Red Sea, despite the recent US-led coalition retaliatory airstrikes in Houthi targets in Yemen.

The US and British military forces last week conducted a series of airstrikes on Houthi bases in Yemen.

“The military advises ships to avoid Bab El-Mandeb straight,” said Price Futures Group’s senior market analyst Phil Flynn.

### **Downward pressure:**

Some downward pressures acting on Brent’s price this week come from weak oil demand projections in China.

Oil demand in China has been weak due to less travel activity during the winter season. The country’s gasoline and diesel consumption declined in December 2023 as driving activity slowed due to falling temperatures.

The slowdown in construction and industrial activities in December, caused by cold weather conditions, also resulted in reduced diesel consumption in China last month, market intelligence provider JLC reported.

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