

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have tracked Brent's gains, and inbound vessel movement resumed in Gibraltar last night.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$16/mt), Durban (\$15/mt) and Rotterdam (\$11/mt)**
- **LSMGO prices up in Durban (\$31/mt), Gibraltar (\$15/mt) and Rotterdam (\$2/mt)**
- **HSFO prices up in Gibraltar (\$20/mt) and Rotterdam (\$10/mt)**

Inbound traffic movement was suspended in Gibraltar yesterday, amid strong gale-force wind gusts of up to 36 knots. Only those vessels already present in the anchorage area received bunkers yesterday.

Operations at the outer port limits (OPL) have resumed in Gibraltar this morning.

Some suppliers are struggling to clear bunker backlogs in Gibraltar due to tight barge availability. As a result, congestion has grown in the port, where 18 vessels are waiting for bunkers, up from 11 yesterday, port agent MH Bland said.

The port is allowing one vessel every hour, MH Bland said.

Bunkering could be disrupted again on Friday, when wind gusts of 32 knots are forecast to hit Gibraltar.

In nearby Ceuta, operations were briefly suspended in the anchorage area due to strong winds yesterday, MH Bland said. Operations restarted today, with bunkering available at anchorage and at berth, shipping agent Jose Salama & Co. told ENGINE. Bad weather has pushed the earliest date for barge delivery in Ceuta to 21 January, a trader said.

Meanwhile, one higher-priced VLSFO stem booked in Durban for non-prompt delivery has contributed to push the benchmark's price higher. Lead times of 5-7 days are recommended for VLSFO. LSMGO remains tight at Durban and Richards Bay, with lead times well over ten days, according to a trader.

Brent

The front-month ICE Brent contract gained \$0.93/bbl on the day, to trade at \$78/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained some following OPEC's projection of robust oil demand growth in 2024 and 2025.

OPEC's latest oil market report forecasts a 1.85 million b/d increase in global oil demand by 2025, reaching 106.2 million b/d. The coalition kept this year's oil demand forecast at 2.2 million b/d, consistent with the previous month's projection.

Concerns about potential oil supply disruptions resurfaced after the US Navy launched another round of airstrikes at Houthi bases in Yemen, in response to their attacks in the Red Sea.

"It remains unclear how the Houthis will respond to these attacks," said two analysts from ING Bank. "But clearly, escalation raises both the risk of disruptions to flows and the likelihood that more shippers will reroute around Southern Africa," they added.

Downward pressure:

Brent futures felt some downward pressure after the American Petroleum Institute (API) reported a modest rise in US crude stocks.

Commercial US crude inventories increased by 483,000 bbls in the week ended 12 January, according to API data. This increase contrasts with analysts' expectations of a 2.4 million bbls decline.

Brent's price gains were also capped by the strengthening US dollar, after comments from US Federal Reserve (Fed) officials dampened market expectations of interest rate cuts in the first quarter of 2024.

A stronger US dollar could make commodities such as oil costlier for non-dollar buyers and dampen demand growth.

"Comments from a Fed official and a surge in the USD [US dollar] yesterday held large parts of the commodity complex back," ING's analysts said.

By Manjula Nair and Aparupa Mazumder

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