

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

19/01/24

HSFO prices in Gibraltar and Rotterdam have resisted Brent's upward pull, and inbound traffic movement has been suspended in Gibraltar's western anchorage again due to bad weather conditions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$11/mt), Gibraltar (\$8/mt) and Rotterdam (\$3/mt)**
- **LSMGO prices up in Durban (\$14/mt), Gibraltar (\$11/mt) and unchanged in Rotterdam**
- **HSFO prices down in Rotterdam (\$8/mt) and Gibraltar (\$6/mt)**

Inbound vessel movement has been suspended in Gibraltar's western anchorage today amid rough weather conditions, says port agent MH Bland. The area is currently experiencing strong gale-force wind gusts of up to 35 knots.

The suspension may be lifted around 18.00 local time (17.00 GMT) today after a review from the port authority, MH Bland adds. Adverse weather conditions have resulted in severe congestion at Gibraltar, where 16 vessels are waiting for bunkers today.

In nearby Ceuta, a partial suspension is in place in the anchorage area due to adverse weather conditions. Some stems can be supplied via ex-pipe, but these deliveries are subject to discretion, says MH Bland. There are currently seven vessels waiting for bunkers in Ceuta today, says shipping agent Jose Salama & Co.

Meanwhile, there has been an increase in bunker demand in the Canary Islands ports of Las Palmas and Tenerife this week amid strong demand from diverted vessels, a trader told ENGINE. In Las Palmas, HSFO supplies are running tight, with one supplier unable to offer the grade for prompt or non-prompt delivery dates, the trader added.

Brent

The front-month ICE Brent contract gained \$1.43/bbl on the day, to trade at \$79.43/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained this week due to the global oil demand growth projections by IEA and OPEC for this year.

The International Energy Agency (IEA) expects oil demand to grow by 1.2 million b/d in 2024, an increase of 100,000 b/d from its previous monthly Oil Market Report (OMR).

The Paris-based energy agency expects China to lead oil demand growth in 2024, “with its expanding petrochemical sector gaining an ever-larger share.”

Brent futures also moved up after the US Energy Information Administration (EIA) recorded a surprise drop in US crude stocks. Commercial US crude inventories dropped by 2.49 million bbls on the week, to 429.91 million bbls on 12 January – the lowest level in the past 12 weeks, according to the EIA data.

“Optimistic demand forecasts from the International Energy Agency and a larger-than-expected reduction in domestic crude oil inventories,” supported Brent’s price today, SPI Asset Management’s managing partner Stephen Innes said.

Downward pressure:

Brent futures felt some downward pressure as the oil market speculated about the US Federal Reserve's interest rate cut policy for 2024, market analysts said.

“Uncertainty over the path the Fed takes this year with monetary policy continues to weigh on risk assets, including commodities,” said two analysts from ING Bank.

Earlier this week, comments from Fed officials weighed down on market expectations of interest rate cuts in the first quarter of 2024.

Higher interest rates potentially impact consumer spending, especially on commodities including oil, which in turn dampens demand growth.

Brent’s gain was also capped as the Red Sea conflict so far has not impacted any physical oil flows in the region. “For now, price action in oil suggests that the market is assuming we do not see an escalation in the situation,” ING’s analysts added.

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