

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly shed with Brent's values, and adverse weather in Las Palmas has led to a partial bunker suspension.

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

- **VLSFO prices up in Durban (\$12/mt), and down in Gibraltar (\$13/mt) and Rotterdam (\$8/mt)**
- **LSMGO prices down in Gibraltar (\$31/mt), Rotterdam (\$17/mt) and Durban (\$6/mt)**
- **HSFO prices down in Gibraltar (\$19/mt) and Rotterdam (\$7/mt)**

In Gibraltar, bunkering has resumed after intermittent rough weather and partial suspensions. The bunker backlog from last week eased slightly. Eight vessels are waiting for bunkers in Gibraltar today, down from 18 on Friday, according to port agent MH Bland.

A trader advises lead times of 5-7 days for HSFO in Gibraltar, while VLSFO is available with lead times of 5-6 days and LSMGO with 4-6 days, the trader added.

In nearby Ceuta, 11 vessels are due to arrive for bunkers today, up from seven on Friday, when bunkering was suspended in the anchorage area, says shipping agent Jose Salama & Co. Two vessels are currently waiting to bunker at the anchorage.

Meanwhile, rough weather conditions have suspended outer anchorage bunkering in Las Palmas, says port agent MH Bland. Bunkering is only taking place in a sheltered area located at the port entrance of the inner anchorage area. To avoid congestion, only one vessel is currently allowed to drop anchor at a time at the inner anchorage, MH Bland added.

Las Palmas witnessed a spike in demand last week from vessels diverted around the Cape of Good Hope, a trader told ENGINE.

Brent

The front-month ICE Brent contract has moved \$1.48/bbl lower on the day from Friday, to trade at \$77.95/bbl at 09.00 GMT.

Upward pressure:

The escalation of the Israel-Hamas conflict into a broader geopolitical confrontation has raised concerns about potential oil supply disruptions in the Middle East.

On Saturday, the US Navy took down another Houthi-controlled anti-ship ballistic missile, which was about to be launched towards the Gulf of Aden, US Central Command (CENTCOM) said.

Oil supply disruption concerns also resurfaced after an alleged Ukrainian airstrike caused a fire at a Russian fuel export terminal in the Baltic Sea. Russian energy company Novatek said on Sunday that it has suspended some operations at the terminal due to the fire.

Downward pressure:

The International Energy Agency's (IEA) projection of a slowdown in oil demand growth has reversed Brent futures' previous gains. According to IEA, global oil demand is set to grow by just 1.2 million b/d this year, compared to the 2.3 million b/d growth in 2023, which has raised bearish sentiment in the market.

The Paris-headquartered energy agency attributes the drop in demand to a sluggish post-COVID recovery. "The IEA latest monthly oil market report was somewhat bearish," ING Bank's analysts said.

Meanwhile, the IEA expects global oil supply to grow by 1.5 million b/d this year, driven by non-OPEC+ production growth.

"The IEA sees a substantial surplus in the oil market if OPEC+ unwind their current voluntary cuts in 2Q24 [second quarter of 2024]," the analysts added.

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