

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly tracked Brent's decline, and African ports continue to witness "unusually high" demand as vessels avoid the Red Sea.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$8/mt), Rotterdam (\$7/mt) and Gibraltar (\$6/mt)**
- **LSMGO prices down in Durban (\$8/mt), Rotterdam (\$5/mt) and Gibraltar (\$2/mt)**
- **HSFO prices up in Gibraltar (\$11/mt) and Rotterdam (\$1/mt)**

Gibraltar's HSFO price gain has outpaced that of Rotterdam's. A higher-priced HSFO stem fixed for the prompt delivery in the past day has contributed to push the port's benchmark higher. As a result, Gibraltar's HSFO premium over Rotterdam has widened by \$10/mt to \$54/mt now.

In Gibraltar, lead times of 5-7 days are recommended for HSFO and VLSFO, and shorter lead times of 4-6 days for LSMGO. Congestion in Gibraltar has eased, where four vessels are waiting for bunkers today, down from eight yesterday.

In Ceuta, 16 vessels are due to arrive for bunkers today, according to shipping agent Jose Salama & Co. No supplier delays are expected in Ceuta today.

Off Malta, bunkering has resumed at anchorage area four after a brief suspension yesterday, port agent MH Bland told ENGINE. Space at area four is limited and loaded tankers are not allowed to receive bunkers there, MH Bland added. Wind gusts of up to 25 knots are forecast to hit the region tomorrow, which could disrupt bunkering there.

Meanwhile, Namibia's Walvis Bay is currently showing the highest demand in Africa, Monjasa's senior trader Simone Pirreda told ENGINE, adding that African ports continue to witness unusually high demand.

Brent

The front-month ICE Brent contract lost \$0.28/bbl on the day, to trade at \$79.82/bbl at 09.00 GMT.

Upward pressure:

The escalating geopolitical tensions have been bolstering Brent futures gains, especially with recent reports of additional airstrikes by the US and UK military against Iran-aligned Houthis in Yemen.

Iran is “directly involved” in the ongoing attacks on commercial vessels by the Yemeni militants in the Red Sea, head of the US Navy’s 5th fleet Brad Cooper said to the Associated Press (AP).

The American Petroleum Institute (API) reported a substantial decline in the US crude stocks, indicating demand growth in one of the world’s largest oil consumers. This has added upward pressure on Brent prices.

Commercial US crude inventories declined by 6.7 million bbls in the week ended 19 January, according to the American Petroleum Institute (API).

Downward pressure:

Brent futures declined as supply concerns from Russia and Libya eased some.

Russia’s Ust-Luga port in the Baltic Sea continued crude oil shipment, despite Novatek’s fuel export terminal remaining shut due to a fire caused by a Ukrainian airstrike earlier this week. Oil terminals at the Russian port, including one for crude oil exports and two other refined product export terminals have remained functional since Tuesday, Reuters reported citing sources.

Meanwhile, the resumption of oil production in Libya is putting downward pressure on Brent’s prices, “offsetting geopolitical tensions and incidents in various regions,” SPI Asset Management’s managing partner Stephen Innes said.

Libya’s largest oil field El-Sharara was shut for almost three weeks due to ongoing protests. “The restart of the operations came after the local governments agreed to meet most of the demands from protestors,” ING Bank’s analysts said.

By Manjula Nair and Aparupa Mazumder

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