

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have followed Brent's upward movement, and HSFO supply has tightened in Las Palmas.

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

- **VLSFO prices up in Gibraltar (\$6/mt) and Rotterdam (\$3/mt), and down in Durban (\$7/mt)**
- **LSMGO prices up in Durban (\$20/mt), Rotterdam and Gibraltar (\$6/mt)**
- **HSFO prices up in Rotterdam (\$15/mt) and Gibraltar (\$12/mt)**

Rotterdam's HSFO price has gained the most in the past day, outpacing Gibraltar by \$3/mt. As a result, Rotterdam's Hi5 spread has narrowed from Friday's \$134/mt to \$122/mt now. Lead times of 5-7 days are recommended for HSFO and VLSFO in the ARA hub, and shorter 2-4 days for LSMGO.

In Gibraltar, there are currently two vessels waiting to bunker, according to port agent MH Bland. Wind gusts of 22 knots are forecast to hit Gibraltar on Wednesday and Thursday, which could disrupt bunkering there. Lead times of 4-6 days are recommended for LSMGO, and 5-6 days for VLSFO.

HSFO availability is tight in Gibraltar, according to a trader, with lead times of 6-8 days recommended.

Slight congestion has been reported in Ceuta today, where nine vessels are waiting for bunkers today, up from seven yesterday, shipping agent Jose Salama & Co said. One supplier is experiencing delays of six hours.

In Las Palmas in the Canary Islands, HSFO is very tight, a trader said, adding that lead times of 7-10 days are recommended to ensure full coverage from suppliers. Bunker operations are proceeding normally at the outer anchorage area. Meanwhile, in the inner anchorage, only one vessel at a time is allowed to receive bunkers.

## **Brent**

Front-month ICE Brent has climbed \$1.51/bbl higher on the day from Friday to \$83.48/bbl at 09.00 GMT.

### **Upward pressure:**

Brent futures have surged amid expectations that tensions between the US and the Middle East will further escalate following yesterday's aerial attack on US forces near the Syrian border.

US President Joe Biden attributed the aerial attacks to "radical Iran-backed militant groups operating in Syria and Iraq" and announced that the US will "hold all those responsible to account at a time and in a manner our choosing", in an official statement.

Concerns of oil supply disruptions have heightened after a Trafigura-operated tanker was struck by a Houthi missile in the Gulf of Aden on Saturday. The US retaliated by launching airstrikes in Houthi-controlled areas in Yemen, confirmed the US Central Command.

"It still does not threaten the quantum of oil flows out of the Middle East but may prompt a full switch away for oil shipments from the Red Sea to travel the much longer route via the Cape of Good Hope," oil analyst and chief executive of Vanda Insights, Vandana Hari said regarding the Trafigura tanker attack.

Tighter US crude oil inventories have also supported Brent's recent gains. Commercial US crude inventories fell by 9.2 million bbls on the week, to 420.68 million bbls on 19 January, according to the Energy Information Administration.

### **Downward pressure:**

Speculations about a global economic slowdown this year could undermine Brent's upside potential.

Nearly 56% of global chief economists expect the overall global economy to "weaken" in 2024, a World Economic Forum (WEF) survey finds. Seven out of 10 respondents estimate that the "pace of geoeconomic fragmentation will accelerate" in 2024, the WEF report has said.

Around 31% of respondents expect weak economic growth in China as "weak consumption, lower industrial production and property market concerns weigh on the prospects of a stronger rebound," according to the WEF report. Weak economic growth is also seen in the US and Europe.

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