

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

30/01/24

Most regional bunker benchmarks have resisted Brent's decline, and bad weather could disrupt bunkering in Gibraltar tomorrow.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$12/mt) and Gibraltar (\$3/mt), and down in Rotterdam (\$5/mt)**
- **LSMGO prices up in Gibraltar (\$8/mt), Rotterdam (\$6/mt) and Durban (\$2/mt)**
- **HSFO prices up in Gibraltar (\$1/mt), and down in Rotterdam (\$9/mt)**

HSFO supply pressure has eased in Gibraltar, according to a trader. Lead times of 6-8 days are recommended for the grade. Three vessels are waiting for bunkers in Gibraltar today, up from two yesterday, port agent MH Bland said.

Strong wind gusts of up to 22 knots are forecast intermittently between tomorrow and Thursday in Gibraltar. Rough weather conditions could impact bunkering in the port.

Nine vessels are due to arrive for bunkers in Ceuta today, unchanged from yesterday, shipping agent Jose Salama & Co said. Bunkering delays and congestion have been caused by barge loading delays. One barge is reporting delays of up to 12 hours.

Demand continues to remain high in the Canary Islands ports amid the Red Sea diversions. Bunker enquiries have increased this week, according to a trader. Prompt HSFO supply is very tight in Las Palmas. Lead times for HSFO vary widely between 7-14 days.

Some suppliers can still offer the grade for prompt delivery dates in Las Palmas, but these are typically priced around \$70/mt higher than for dates further out. Three suppliers can offer HSFO in the Canary Islands' ports of Las Palmas and Tenerife.

Las Palmas' HSFO is priced \$4/mt higher than Gibraltar, and is at parity with Algeciras. Its HSFO is priced \$15/mt higher than Tenerife.

Brent

Front-month ICE Brent has declined by \$1.14/bbl on the day, to \$82.34/bbl at 09.00 GMT.

Upward pressure:

Concerns about supply disruptions in the oil market amidst the Middle East conflict and ongoing Houthi attacks on commercial ships in the Red Sea have contributed to Brent's recent price rise.

Brent could see potential upside if Middle East tensions escalate and impact oil production in the region, ING's head of commodity strategy, Warren Patterson writes in a report. He adds that oil prices could also rise if there is a disruption in the Strait of Hormuz, which sees 20 million b/d pass through.

Downward pressure:

The US National Security Council's coordinator for strategic communications, John Kirby said that the US does not wish to exacerbate the Middle East crisis. "We are not looking for a war with Iran. We are not looking to escalate the tensions any more than they already have been escalating.," Kirby told reporters at a White House briefing.

A Hong Kong court has ordered Chinese property giant Evergrande to liquidate, deepening China's property crisis. It is possible that Brent's upside gains could be limited by the real estate debt crisis weighing on China's economy and reducing its appetite for crude oil in the coming months.

Data from OPEC+ members show oil exports from members that pledged to cut output are "broadly steady", Bloomberg reported citing Kpler data. Russia, Kazakhstan and Iraq have reduced their output only marginally, the report added.

By Manjula Nair and Konica Bhatt

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com