

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have mostly declined with Brent, and prompt availability of LSMGO is good in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$9/mt), and down in Rotterdam (\$13/mt) and Gibraltar (\$7/mt)**
- **LSMGO prices down in Gibraltar (\$12/mt) and Rotterdam (\$9/mt)**
- **HSFO prices down in Gibraltar (\$9/mt) and Rotterdam (\$7/mt)**

Rotterdam's VLSFO has fallen steeply in the past day, outpacing Gibraltar's price decline by \$6/mt. Availability of VLSFO is good in Rotterdam and in the wider ARA hub. Lead times of 5-7 days are recommended for VLSFO and HSFO, a source says. LSMGO has a shorter lead time of 2-4 days.

Gibraltar's LSMGO price drop has been steeper compared to Rotterdam's. Availability for LSMGO is currently good in Gibraltar, with suppliers able to offer the grade for prompt delivery dates within 2-4 days, according to a trader. Lead times of 6-8 days are recommended for HSFO, while 5-6 days are advised for VLSFO.

Congestion has eased slightly in Gibraltar, where five vessels waiting for bunkers today, down from eight yesterday, says port agent MH Bland. Strong wind gusts of 25 knots are forecast to hit the straits on Saturday, which could impact bunkering in the ports there.

Meanwhile, Durban's VLSFO has moved counter to the wider market direction and gained \$9/mt in the past day. VLSFO supply is very tight in the South African ports of Durban and Richards Bay, with recommended lead times stretching up to two weeks. Strong wind gusts of 25 knots are forecast in Durban today, which could impact bunkering in the port.

Brent

Front-month ICE Brent has plunged by \$2.16/bbl on the day, to \$78.66/bbl at 09.00 GMT. The futures contract is on track for over 5% loss over its settlement level last week.

Upward pressure:

Brent dropped sharply after reports citing Qatari officials claimed that Israel had agreed to a Gaza ceasefire proposal. The benchmark, however, found some support as the reports were later quashed by Reuters citing Qatari officials.

Reuters reported that Hamas received the proposal but had yet to respond, citing a Qatari official and Taher Al-Nono, media adviser to Hamas chief Ismail Haniyeh. A Palestinian official told Reuters that "Hamas was unlikely to reject the proposal outright, but would demand guarantees that fighting would not resume, something Israel has not agreed to."

The upcoming Spring Festival in China is expected to boost some oil demand in the country. China's transport ministry predicts nearly 9 billion trips over the seven-day festival - across rail, road, water, and air.

Downward pressure:

The ghosts of the 2023 banking crisis in the US have resurfaced after New York Community Bancorp (NYCB) announced a staggering \$260 million quarterly loss for the fourth quarter. The share price of NYCB - touted as the saviour of last year's casualty Signature Bank - plunged 46% in the aftermath of the results, further alarming oil investors.

"The overbought oil market took its eyes off the fundamentals as those old banking stability concerns crept back in. Oil historically performs miserably when bank solvency issues arise and while petroleum mostly shook off the liquidation of China's massively in-debt real estate developer Evergrande, when the issue hit closer to home, the hedge funds took notice," Phil Flynn, senior analyst at The PRICE Futures Group says.

The number of oil rigs extracting crude oil in the US rose by two units to 499 last week, Baker Hughes has reported. Rising oil production in the US has "frustrated efforts by Saudi Arabia and its allies in OPEC+ to drain global oil inventories and boost prices," Reuters analyst, John Kemp has written in a column.

Brent's upside gains have been capped by concerns over China's economic growth in the near term and tensions surrounding its real estate debt crisis. "China has been taking supportive measures to help the faltering economy. However, there are still no clear indications of a strong demand revival," ING's head of commodity strategy, Warren Patterson says.

By Manjula Nair and Konica Bhatt

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