

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

05/02/24

Regional bunker benchmarks have mostly gained despite Brent's downward movement, and bad weather may impact bunkering in Gibraltar on Thursday.

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

- **VLSFO prices up in Gibraltar (\$11/mt), Rotterdam (\$6/mt) and Durban (\$5/mt)**
- **LSMGO prices up in Gibraltar (\$8/mt), and down in Rotterdam (\$7/mt)**
- **HSFO prices up in Gibraltar (\$9/mt), and unchanged in Rotterdam**

Gibraltar's HSFO and VLSFO prices have moved counter to Brent's downward slide and gained over the weekend. The port's Hi5 spread stands at \$102/mt.

In Gibraltar, six vessels are currently waiting for bunkers, up from five vessels on Friday, according to port agent MH Bland. Strong gale-force wind gusts ranging between 30-40 knots are forecast on Friday and Saturday, which could impact bunkering in the port.

Rough weather is also forecast off Malta. The region is currently experiencing wind gusts of 22 knots, which could impact bunkering there. While the weather is expected to be calm tomorrow, rough weather is again forecasted for Wednesday and Thursday, with wind gusts ranging from 20-26 knots.

Rotterdam's LSMGO price has shed \$7/mt over the weekend, while the grade's price in Gibraltar gained by \$8/mt. The diverging price moves have widened Rotterdam's LSMGO discount to Gibraltar by \$15/mt, to \$119/mt now.

Brent

The front-month ICE Brent contract shed \$1.42/bbl on the day from Friday, to trade at \$77.24/bbl at 09.00 GMT.

Upward pressure:

Brent futures' upside gains were boosted after the US military announced that it would launch more airstrikes on Iran-aligned militant groups in Middle Eastern regions including Yemen, Iraq and Syria.

Last week, the US Army launched strikes on more than 85 militant bases linked to Iran's Revolutionary Guard (IRGC), Reuters reported. These retaliatory strikes were prompted by the events of 28 January, when a drone attack on a US base in Jordan killed three US personnel.

The US Central Command (CENTCOM) "conducted a strike in self-defence against a Houthi land attack cruise missile," on Sunday, it said.

Two Ukrainian airstrikes on Lukoil's largest oil refinery in Russia caused some supply disruptions and jitters in the market, Reuters reported citing a source.

Downward pressure:

Analysts attributed the drop in Brent's prices from last week's highs to the talks surrounding a ceasefire in the Gaza Strip. The prospect of easing tensions in the region influenced the market sentiment and contributed to the price decline.

"Oil [Brent] sold off hard on hopes that the spirit of "collective, cooperation and harmony" might spread in the form of a ceasefire and hostage release in the Gaza Strip," said Price Futures Group's senior market analyst Phil Flynn.

A tweet by Al Jazeera stating that Israel had agreed to a ceasefire agreement caused a plunge in the oil market, but the tweet was later taken down by Al Jazeera for unknown reasons, he added. Speculations about a potential ceasefire agreement between Israel and Hamas have dragged Brent prices lower.

Separately, Lukoil confirmed that its Volgograd refinery with a capacity of about 300,000 b/d was running normally even after the attack. "There were no casualties. The Volgograd Refinery continues its operations as usual," Russia's state-owned media agency TASS cited Lukoil as saying.

By Manjula Nair and Aparupa Mazumder

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