

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks have tracked Brent's price rise, and rough weather may disrupt bunkering off Malta tomorrow.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$29/mt), Gibraltar (\$7/mt) and Rotterdam (\$5/mt)**
- **LSMGO prices up in Rotterdam (\$14/mt) and Gibraltar (\$5/mt)**
- **HSFO prices up in Rotterdam (\$17/mt) and Gibraltar (\$9/mt)**

Bunker benchmarks across key European and African ports have gained for the second consecutive day. Rotterdam's HSFO price gain has outpaced that of Gibraltar's amid upward pressure from three higher-priced indications in the past day. The gains have narrowed Rotterdam's HSFO discount to Gibraltar by \$8/mt to \$85/mt now.

Two LSMGO stems for prompt delivery were booked in Rotterdam yesterday, of which one higher-priced stem contributed to raise the benchmark.

Minimal congestion has been reported in Gibraltar, where four vessels are waiting for bunkers today, down from six yesterday, says port agent MH Bland. Strong wind gusts ranging between 23-38 knots are forecast to hit the Strait of Gibraltar on Thursday and Friday. High winds could impact bunkering in the ports there.

In Ceuta, bunkering is proceeding smoothly, with one vessel due to arrive for bunkers today, according to shipping agent Jose Salama & Co. Suppliers are reporting no delays at the moment in the port.

Nevertheless, one bunker barge is undergoing its five-year inspection and will be non-operational until 1 March.

Strong wind gusts of up to 26 knots are forecast to hit off Malta tomorrow, which could impact bunkering. Rough weather conditions are also forecast for Thursday.

Brent

The front-month ICE Brent contract gained \$0.66/bbl on the day, to trade at \$77.90/bbl at 09.00 GMT.

Upward pressure:

Impending drone strikes launched by the US and British armed forces on Iran-backed militant factions in Yemen, Iraq, and Syria have driven Brent futures higher this week.

According to two analysts from ING Bank, the oil market, which appears to be "largely balanced" in the first quarter of 2024, "could quickly change if tensions spread to other parts of the Middle East."

Supply concern in the oil market has taken centre stage this week after the latest series of Ukrainian airstrikes on a Russian oil facility, which impacted the country's naphtha export operations.

Downward pressure:

The news of Israel possibly agreeing to a ceasefire in the Gaza Strip has capped some of Brent's price gains.

US Secretary of State Anthony Blinken's recent trip to the Middle East has bolstered the notion of a potential resolution to the ongoing conflict between Israel and Hamas, now in its fourth month.

Blinken met with Saudi Arabia's de-facto leader on Monday to mediate calls for an immediate ceasefire before Israel began a severe ground assault on Rafah, which is currently home to Gaza's majority population.

"Hopes of a ceasefire between Israel and Hamas drove some of this weakness," ING Bank's analysts added.

By Manjula Nair and Aparupa Mazumder

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