

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and LSMGO availability is extremely tight in Durban.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$10/mt), down in Gibraltar (\$5/mt) and Rotterdam (\$1/mt)**
- **LSMGO prices up in Rotterdam (\$8/mt), and down in Gibraltar (\$3/mt)**
- **HSFO prices up in Gibraltar (\$2/mt), and down in Rotterdam (\$5/mt)**

Durban's VLSFO price has gained in the past day, while the VLSFO prices in Gibraltar and Rotterdam fell some. The grade's availability is very tight in the South African ports of Durban and Richards Bay. Lead times have varied widely in recent weeks, with some now recommending lead times exceeding 10 days.

LSMGO supply is currently running dry in several South African ports, prompting some ships to opt for bunkers at Port Louis in Mauritius, a trader says. Availability is good in Port Louis.

Strong wind gusts of 25 knots are forecast in Durban today, which could impact bunkering in the port. The weather is forecast to improve over the next two days before deteriorating again on Saturday.

Demand has declined in Gibraltar, a trader says. Minimal congestion has been reported in Gibraltar today, where only one vessel is waiting for bunkers, down from four yesterday, port agent MH Bland said.

Strong wind gusts of up to 25 knots are forecast to hit the Gibraltar Straits today, which could impact bunkering in the ports there.

In Las Palmas, HSFO supply tightness continues. Prompt VLSFO and LSMGO supply is also tight there, a trader says. Las Palmas has been witnessing high demand due to a spike in demand from diverted vessels.

## **Brent**

The front-month ICE Brent contract gained \$1.12/bbl on the day, to trade at \$79.02/bbl at 09.00 GMT.

### **Upward pressure:**

Brent futures gained some after the American Petroleum Institute (API) and oil market analysts projected a rise in US crude inventories.

The API has reported a modest rise of 674,000 bbls in US crude inventories in the week ending 2 February, which is much lower than the increase of 2.13 million bbls projected by oil market analysts.

Brent prices gained further after the US Energy Information Administration (EIA) stated in its latest oil market report that it anticipates OPEC+ output cuts in the first quarter of 2024 will lead to a global inventory draw.

“The recent session saw oil [Brent] futures closing higher following the U.S. Energy Information Administration's (EIA) announcement regarding OPEC+ production cuts,” said SPI Asset Management’s managing partner Stephen Innes.

In December, the Organisation of the Petroleum Exporting Countries and its allies (OPEC+) decided to deepen voluntary production cuts to 2.2 million b/d from January to March.

### **Downward pressure:**

Diplomats from the US, Qatar, and Egypt are proactively urging for an immediate ceasefire in the Gaza Strip. This could bring back peace in global shipping lanes, including the Suez Canal and the Bab al-Mandeb Strait, while capping Brent’s upward gains.

The visit of US Secretary of State Anthony Blinken to Israel on Tuesday, after engaging with mediators from Qatar and Egypt to deliberate on a ceasefire plan for the Israel-Hamas conflict, as reported by Reuters, has heightened speculations about an imminent ceasefire agreement.

Iran-backed Hamas militants have also put forward a proposal to halt the conflict and release all hostages to Israel on the condition that Israel withdraws its defence forces from Gaza, Reuters reported, citing a draft document.

According to the document, Hamas has proposed a three-phase plan for the ceasefire, with each phase spanning 45 days and ultimately resulting in a truce.

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