

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

09/02/24

Regional bunker benchmarks have gained with Brent, and Gibraltar port is closed due to adverse weather conditions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$19/mt), Rotterdam (\$10/mt) and Gibraltar (\$8/mt)**
- **LSMGO prices up in Rotterdam (\$26/mt) and Gibraltar (\$22/mt)**
- **HSFO prices up in Rotterdam (\$14/mt) and Gibraltar (\$10/mt)**

Rotterdam's LSMGO price has gained the most in the past day, outpacing Gibraltar's price rise by \$4/mt. Besides Brent's increase, three higher-priced indications have supported the grade's price gain. LSMGO in the ARA hub is available with shorter lead times of 2-4 days, according to a trader. On the other hand, lead times of 5-7 days are advised for HSFO and LSMGO grades.

Gibraltar port is currently closed due to bad weather, disrupting bunker operations in the port, a trader says. The Gibraltar port authority issued a severe gale warning, with wind gusts between 55-60 knots forecast today. A separate thunderstorm warning is also in place in the area in the wake of Storm Karlotta.

Rough weather is also forecast over the weekend, with wind gusts between 23-35 knots to hit the area. Suppliers may stop offering bunker grades for prompt delivery dates in Gibraltar due to inclement weather conditions, the trader adds.

The nearby Ceuta port is currently open for bunkering, according to shipping agent Jose Salama & Co. Nine vessels are due to arrive for bunkers, unchanged from yesterday. Suppliers are reporting delays as a bunker is offline for periodic inspections until 1 March.

## **Brent**

Front-month ICE Brent has surged by \$2.28/bbl on the day, to \$81.58/bbl at 09.00 GMT. The futures contract is on track for a 5% gain over its settlement level last week.

### **Upward pressure:**

Brent levels have moved higher this week after Israel rejected Gaza's ceasefire offer. Israeli Prime Minister Benjamin Netanyahu called the offer "delusional" and vowed to fight until "absolute victory" over Hamas has been achieved. Since then, Israeli military operations in Gaza have intensified, with reports of bombings in Rafah yesterday, Reuters reported.

Oil market was hoping for a ceasefire agreement following multiple peace talks facilitated by Qatar and Egypt. The Israeli rejection has prompted market participants to increase their long positions in Brent futures, pushing crude spot prices higher, ANZ commodities strategist Daniel Hynes says.

It coincides with a worsening shipping situation in the Red Sea, Hynes points out. Escalating tensions have raised concerns about how the Houthi militia will respond, especially given its history of targeting vessels in the Red Sea in response to Israeli actions in Gaza.

### **Downward pressure:**

Ukrainian drone attacks on several Russian oil infrastructure locations have dented the country's refining capability, forcing Russia to export more unfinished crude oil to clear a growing crude stockpile, Reuters reported citing analysts. This could impact its pledge to curb crude oil exports under the OPEC+ deal.

Last year, Russia pledged to reduce its crude oil exports by 500,000 b/d during the first quarter of this year. Analysts suggest that Russia may find it difficult to adhere to this strategy because unrefined crude stocks have piled up and because its refining capacity has now become more constrained.

*By Manjula Nair and Nithin Chandran*

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