

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker prices have mostly tracked Brent's upward movement, and bunkering remains unaffected in Antwerp port despite farmers' protests.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$10/mt) and Durban (\$5/mt), and unchanged in Gibraltar**
- **LSMGO prices up in Rotterdam (\$26/mt) and Gibraltar (\$4/mt)**
- **HSFO prices up in Rotterdam (\$6/mt), and down in Gibraltar (\$1/mt)**

Rotterdam's LSMGO price has gained steeply in the past day, outpacing Gibraltar's gain by \$22/mt. Three higher-priced indications have supported Rotterdam's LSMGO steep gain. The port's LSMGO discount to Gibraltar's has narrowed from \$83/mt yesterday, to \$61/mt now.

In Antwerp, ongoing farmer protests in the port area today have had little to no impact on bunker operations. Port disruptions due to the farmers' protests are expected to last the entire day today, a port authority spokesperson told ENGINE.

Bunker fuel availability is currently normal in Rotterdam and Antwerp, according to a trader. With few suppliers in Amsterdam, lead times may be slightly longer. In the ARA hub, lead times of 4-6 days are generally recommended for HSFO and 2-4 days for LSMGO. VLSFO requires slightly longer lead times of 5-7 days, a trader told ENGINE.

In the Gibraltar Straits, bunkering is proceeding normally in Algeciras and Gibraltar today, a trader told ENGINE. Congestion has eased some in Gibraltar, where 11 vessels are waiting for bunkers today, down from 23 yesterday, says port agent MH Bland. Strong wind gusts of 23 knots are forecast to hit the straits tomorrow, which could impact bunkering in the ports there.

Lead times of 6-8 days are recommended in Gibraltar for HSFO and 5-6 days for VLSFO. LSMGO prompt availability is relatively better, with short lead times of 2-4 days advised. In Algeciras, recent weather-induced disruptions have resulted in bunker backlogs, causing delays for suppliers, a source said.

## **Brent**

The front-month ICE Brent contract gained \$0.32/bbl on the day, to trade at \$82.07/bbl at 09.00 GMT.

### **Upward pressure:**

The Israel and Hamas conflict, which has gradually evolved into a broader geopolitical issue, has supported Brent's upward trajectory.

Brent prices moved higher after Yemen's Houthis launched two airstrikes yesterday at a Marshall Islands-flagged cargo vessel, M/V Star Iris, transiting the Red Sea. The ship was carrying corn from Brazil and was en route to Iran, the US Central Command (CENTCOM) said.

Oil market analysts have indicated that potential actions by the US to escalate oil sanctions against Iran in response to its support for Houthis could lead to further price increases.

"Geopolitical incidents also provided support to crude prices despite the building inventory in the United States and low refinery utilization," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, Iraq's oil minister Hayan Abdel-Ghani, reiterated on Monday that the country is committed to OPEC's decisions on voluntary output cuts, Reuters reported. Iraq currently exports about 3.35–3.40 million b/d of oil, he said.

### **Downward pressure:**

Speculations about potential interest rate cuts by the US Federal Reserve (Fed) this year have partially capped Brent's gains.

The Fed, in its January survey of consumer expectations, indicated that inflation forecasts for one year and five years ahead remained steady at 3% and 2.5%, respectively, Reuters reported. The surveyors are expecting a relatively stable inflation outlook, although both projections remain above the Fed's 2% target.

A higher-than-expected inflation rate could stop the Fed from cutting interest rates in its upcoming sessions and, in turn, dampen global oil demand. Data on US inflation will be out today, and the Euro Zone's Gross Domestic Product (GDP) data is scheduled for Wednesday.

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