ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in most European and African ports have shown mixed directions, and LSMGO supply is running dry in Durban.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar ($4/mt), and down in Durban ($24/mt) and Rotterdam ($4/mt)**
- **LSMGO prices up in Gibraltar ($3/mt), and down in Rotterdam ($6/mt)**
- **HSFO prices up in Rotterdam ($3/mt) and Gibraltar ($2/mt)**

Durban's VLSFO price has come down sharply with support from a lower-priced indication. Despite the price drop, VLSFO supply is extremely tight in Durban and Richards Bay in South Africa, according to a trader. Lead times for VLSFO have ranged between 10-14 days over the past few weeks. Meanwhile, LSMGO supply is running dry in both ports, the trader claims.

In Gibraltar, congestion persists due to a backlog resulting from adverse weather since last week. 16 vessels are currently waiting to receive bunkers at anchorage, up from 11 yesterday, says port agent MH Bland. A window of calm weather today could enable suppliers to clear some backlogs, before conditions deteriorate again tomorrow.

Rotterdam's LSMGO price has dipped in the past day, erasing some of the previous day's gains. One lower-priced indication has contributed to drag the benchmark lower. Prompt LSMGO availability is good in the port, with lead times of 2-4 days recommended for the grade.

The traffic disruptions in Antwerp port have ceased following the removal of blockades in the port area. Yesterday, farmers' demonstrations at the port caused disruptions, but the situation has now been resolved.

Brent

The front-month ICE Brent contract gained $0.71/bbl on the day, to trade at $82.78/bbl at 09.00 GMT.

Upward pressure:

Brent futures moved higher due to strong global oil demand growth projections from market analysts.

“The market is heading into refinery maintenance season.., but ultimately the demand globally for oil will continue to be strong,” Price Futures Group’s senior market analyst Phil Flynn said.

The Organisation of the Petroleum Exporting Countries (OPEC) Secretary General Haitham Al Ghais sees global oil demand for 2024 to be robust, despite Saudi Arabia’s decision to delay oil capacity expansion plans, Reuters reported.

"First of all I want to be clear I cannot comment on a Saudi decision ... but this is in no way to be misconstrued as a view that [oil] demand is falling," Haitham Al Ghais told Reuters at the World Governments Summit.

In its latest oil market report, OPEC stated that it anticipates global oil demand growth for 2024 to remain at 2.2 million b/d, consistent with the assessment from the previous month.

Downward pressure:

Downward pressures acting on Brent’s price today include a massive build-up in commercial US crude stocks.

The US crude inventories soared by a massive 8.52 million bbls in the week ended 9 February, according to the American Petroleum Institute (API). In contrast, oil market analysts anticipate a more modest increase of 2.6 million bbls in crude stocks.

Meanwhile, Brent gains were also capped by hotter-than-anticipated US inflation data released yesterday. The US Consumer Price Index (CPI) rose 0.3% month-on-month in January, surpassing analysts' expectations of 0.2%, Reuters reported.

Oil market analysts are now predicting that the US Federal Reserve (Fed) will delay interest rate cuts this year, subsequently reducing oil demand growth. Higher interest rates can put further downward pressure on Brent as it affects consumer spending and fuel demand.

“You can forget about a March rate cut; there's no chance of that now,” said SPI Asset Management’s managing partner Stephen Innes. “It's unlikely that the Federal Reserve will cut interest rates in May,” he added.

By Manjula Nair and Aparupa Mazumder