

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have gained with Brent, and prompt LSMGO availability remains good in the ARA hub.

Changes on the day to 09.00 GMT today:

- VLSFO prices up in Rotterdam and Durban (\$9/mt) and Gibraltar (\$7/mt)
- LSMGO prices up in Gibraltar (\$4/mt) and Rotterdam (\$3/mt)
- HSFO prices up in Rotterdam (\$1/mt) and unchanged in Gibraltar

Rotterdam's VLSFO price has increased in the past day, backed by three higher-priced indications. The port's HSFO price has inched up by a modest \$1/mt. Consequently, these price moves have widened the port's Hi5 spread by \$8/mt to \$121/mt now.

Meanwhile, one lower-priced LSMGO stem booked in Rotterdam for prompt delivery yesterday has had little impact on the port's benchmark, which gained by \$3/mt. Availability of LSMGO is said to be good in the ARA hub, requiring lead times of 2-4 days, a trader says. Lead times of 4-6 days are recommended for HSFO, while 5-7 days are advised for VLSFO.

In Gibraltar, bunkering is progressing normally amid conducive weather. The weather is forecast to remain calm today and tomorrow. A trader recommends lead times of 6-8 days for HSFO, while lead times of 5-6 days are advised for VLSFO. Shorter lead times of 2-4 days are recommended for LSMGO.

Meanwhile, bunker fuel supply remains tight in the South African ports of Richards Bay and Durban. VLSFO availability is very tight in both the ports with lead times ranging between 10-14 days, according to a trader.

## **Brent**

The front-month ICE Brent contract gained \$0.82/bbl on the day, to trade at \$82.38/bbl at 09.00 GMT.

### **Upward pressure:**

Brent futures extended gains this week on the back of global supply concerns and escalation of the Israel-Hamas conflict, which has turned into a broader global threat now.

Iran-aligned militant group Hezbollah launched several airstrikes at a town in northern Israel after 10 civilians in southern Lebanon were killed in cross-border hostilities between the two countries, Reuters reported.

Meanwhile, Brent's price gained after the Israel Defense Forces (IDF) launched a ground assault in Gaza's biggest hospital on Thursday, Reuters reported.

Hopes of a ceasefire between Israel and Hamas for now "does not appear imminent," said two analysts from ING Bank.

Oil market analysts expect Brent futures to rise further as crude supply is likely to take a hit with the onset of oil-producer group OPEC's additional voluntary cuts in the first quarter of this year.

### **Downward pressure:**

Brent's price gains were capped partially after Paris-based International Energy Agency (IEA) cut global oil demand growth forecast in its latest oil market report, diverging significantly from OPEC's demand growth projections.

The IEA expects global oil demand to grow by 1.22 million b/d this year, slightly lower than its previous estimate. "Today the IEA is again predicting that oil demand growth will slow while OPEC believes the opposite," Price Futures Group's senior market analyst commented.

The latest US Consumer Price Index (CPI) has also disappointed the oil market that now expects the US Federal Reserve (Fed) to delay interest rate cuts this year.

Higher US interest rates can reduce global demand for oil as it makes buying costlier for non-dollar currency holders.

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