

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have resisted Brent's upward pull, and swells of more than two metres have hit Las Palmas.

Changes on the day, from Friday to 09.00 GMT today:

- **VLSFO prices down in Durban (\$16/mt), Rotterdam (\$15/mt) and Gibraltar (\$2/mt)**
- **LSMGO prices down in Gibraltar (\$14/mt) and Rotterdam (\$1/mt)**
- **HSFO prices unchanged in Rotterdam, and down in Gibraltar (\$5/mt)**

Bunker benchmarks in key European and African ports have declined, supported by several lower-priced indications. Rotterdam's VLSFO price dip has reversed some of its Friday gains, while its HSFO price has held steady over the weekend. As a result, Rotterdam's Hi5 spread has narrowed by \$15/mt to \$106/mt now.

Gibraltar's LSMGO price has declined the most over the weekend. The steep decline has narrowed Gibraltar's LSMGO premium over Rotterdam by \$13/mt to \$65/mt now. In Gibraltar, two vessels are waiting for bunkers today, up from five on Friday, says port agent MH Bland.

Adverse weather is forecast in the Strait of Gibraltar on Thursday, which could impact bunkering in the ports there. Availability is normal in Gibraltar, with 6-9 days recommended for HSFO and 5-6 days for VLSFO. In contrast, shorter lead times of 2-4 days are recommended for LSMGO.

Meanwhile, the Las Palmas port in the Canary Islands is currently witnessing rough sea conditions with swells of more than two metres. Bunker operations are currently open, but only one vessel at a time is allowed to bunker at the inner anchorage, MH Bland says.

Brent

The front-month ICE Brent contract gained \$0.27/bbl on the day from Friday, to trade at \$82.65/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained over the weekend due to heightened concerns about supply disruptions in the oil market after another crude oil tanker was hit by Houthi-launched missiles on Saturday.

Four ballistic anti-ship missiles were launched at a Panamanian-flagged and Denmark-owned vessel MT Pollux by Iran-aligned Houthi militants on 17 February, US CENTCOM said. The vessel was carrying crude oil from Russia to India.

Moreover, geopolitical tensions in the Middle East have escalated after Israel launched another ground offensive in southern Gaza.

“These developments [in the Middle East] spurred modest gains in Brent and WTI prices as investors reacted to the heightened geopolitical risks,” said SPI Asset Management’s managing partner Stephen Innes.

Downward pressure:

Brent’s recent gains were partially capped after the International Energy Agency (IEA) lowered its outlook for global oil demand growth.

The IEA expects global oil demand to grow by 1.2 million b/d this year, in a heavy contrast to oil-producers group OPEC’s projection of a 2.2 million b/d growth.

The Paris-based agency also sees a balance in the oil market for the first quarter of 2024, despite voluntary production cuts by OPEC+.

“This outlook contrasts with the EIA’s projection of a 100,000-bpd [b/d] drawdown from global oil supply in the first quarter,” said SPI Asset Management’s managing partner Stephen Innes.

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