

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have mostly gained with Brent, and rough weather could disrupt bunkering in Port Louis tomorrow.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$4/mt), and Gibraltar (\$1/mt), and unchanged in Durban**
- **LSMGO prices up in Gibraltar (\$4/mt), and down in Rotterdam (\$4/mt)**
- **HSFO prices up in Rotterdam (\$8/mt) and Gibraltar (\$3/mt)**

Rotterdam's HSFO price has gained sharply in the past day, outpacing Gibraltar's gains by \$5/mt. The price rise is supported by two higher-priced indications recorded by ENGINE in the past day.

Rotterdam's LSMGO has resisted Brent's upward pull and moved counter to the wider market direction, dipping by \$4/mt in the past day. The price drop is supported by four lower-priced indications recorded by ENGINE in the past day. In contrast, Gibraltar's LSMGO has inched \$4/mt higher. This has widened Gibraltar's LSMGO premium over Rotterdam by \$8/mt.

Minimal congestion has been reported in Gibraltar today, where only one vessel is waiting for bunkers, port agent MH Bland said. The Gibraltar port authority has issued a fog warning in the Straits since yesterday. The authority said that the sea fog that developed over the Alboran Sea is likely to reduce visibility up to 100 meters in the coastal areas. Poor visibility could impact bunkering in the ports there and make barge deliveries difficult.

Meanwhile, LSMGO continues to run dry in the South African ports of Richards Bay and Durban. VLSFO is available in both ports, but supply is very tight, a trader said. As a result, there has been a notable increase in bunker demand in Port Louis, Mauritius, the trader adds. Strong wind gusts of 25 knots are forecast to hit Port Louis tomorrow, which could impact bunker operations.

## **Brent**

The front-month ICE Brent contract gained \$0.63/bbl on the day, to trade at \$83.28/bbl at 09.00 GMT.

### **Upward pressure:**

Escalating tensions in the Middle East coupled with signs of an economic recovery in China have supported Brent futures' recent gains.

Brent's price moved higher after China's income from tourism recorded a sharp rise of 47.3% year-on-year, during the national Lunar New Year holiday that ended last week, Reuters reported.

The surge in tourism activities in the country also signifies a robust oil demand, potentially leading to an increase in Brent prices. "The Chinese government has intensified its efforts to stabilize the stock market and bolster the economic recovery amid ongoing challenges," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, Brent's price also gained as the Iran-aligned Houthis escalated attacks on commercial ships transiting the Bab al-Mandeb Strait and the Gulf of Aden. At least four vessels have been attacked since Friday, including the Belize-flagged cargo ship RUBYMAR, which is now at risk of potential sinking in the Gulf of Aden.

Houthi spokesperson Yahya Sare'e claimed responsibility for the attack on the social media platform X (formerly Twitter). The spokesperson warned that Houthi militia attacks in the Red Sea will continue until Israel halts its military operations in the Gaza Strip.

### **Downward pressure:**

The International Energy Agency's (IEA) latest bearish outlook on global oil demand growth has capped some of Brent's price gains.

Last week, the US Energy Information Administration (EIA) reported a whopping 12 million bbls rise in commercial US crude stockpiles. A large build in crude inventories also indicated a decline in crude oil demand in the US.

"The move [EIA report] was largely driven by lower refinery utilisation rates which fell by 1.8pp WoW [1.8 percentage points week-on-week] to 80.6%," commented two analysts from ING Bank. According to the EIA's data, US refinery utilisation has averaged 81.5% so far this month, down from 88.5% in January.

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