

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

22/02/24

Bunker benchmarks in European and African ports have followed Brent's upward swing, and adverse weather in the Gibraltar Strait could hamper bunkering.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$22/mt), Rotterdam (\$10/mt) and Gibraltar (\$5/mt)**
- **LSMGO prices up in Durban (\$90/mt), Gibraltar (\$16/mt) and Rotterdam (\$14/mt)**
- **HSFO prices up in Gibraltar (\$15/mt) and Rotterdam (\$5/mt)**

Regional bunker benchmarks have gained, recovering losses made in the previous session.

Durban has been grappling with severe tightness in VLSFO and LSMGO supply, according to a trader. Prices of both grades have increased sharply in the past day, outpacing gains in other regional ports. The upward movement has been supported by several higher-priced indications for VLSFO and LSMGO recorded by ENGINE in the past day.

In the Gibraltar Strait, adverse weather conditions are likely to impact bunkering intermittently during this week. Wind gusts in the range of 27-28 knots are forecast to hit the Gibraltar Strait today. Adverse weather will continue into the weekend with strong wind gusts of 30 knots forecast in the area.

In Ceuta, bunkering is progressing normally with seven vessels due to arrive for bunkers today, according to shipping agent Jose Salama & Co. The bunker barge SPABunker Cuarenta is undergoing a five-year inspection and is in dry dock until 1 March. Bunkers are only offered via ex-pipe, a trader confirmed. Currently, no supplier delays are expected at the port.

## **Brent**

The front-month ICE Brent contract gained \$1.44/bbl on the day, to trade at \$83.17/bbl at 09.00 GMT.

### **Upward pressure:**

Brent futures pared the previous day's losses amid escalation of geopolitical tensions in the Middle East.

Iran-backed Houthis have now started targeting US naval ships, the Yemeni militia's spokesperson Yahya Sare'e confirmed on social media platform X (formerly Twitter).

The US Central Command (CENTCOM) also confirmed retaliating to these attacks with four self-defense strikes against seven mobile anti-ship missiles and one ballistic anti-ship missile.

"[Brent] Prices have also been supported in recent weeks amid increasing tensions in the Middle East," ANZ Bank's senior commodity strategist Daniel Hynes said in a note. "Houthi rebels continue to attack merchant ships in the Red Sea while Israel continues to push back on proposed ceasefire agreements," he added.

### **Downward pressure:**

Meanwhile, Brent futures felt some downward pressure after the American Petroleum Institute (API) reported another sharp rise in US crude stockpiles.

The US commercial crude inventories climbed by 7.17 million bbls in the week ended 16 February, ousting the market projection of a 4.3 million-bbl build during the same time, according to the API data.

Separately, the US Federal Reserve's (Fed) Federal Open Market Committee (FOMC) released minutes from its January meeting, which indicated a possible delay in interest rates cut in the US due to sticky inflation.

"FOMC minutes highlighted [that] most Fed officials were concerned of the risk of cutting [interest] rates too early," Hynes said.

Higher interest rates in the US can often diminish global demand for commodities like oil, as it increases purchasing costs for those holding non-dollar currencies.

*By Manjula Nair and Aparupa Mazumder*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://freightinvestorservices.com)