

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly dropped with Brent, and bunkering has been suspended in Gibraltar today.

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

- **VLSFO prices up in Gibraltar (\$5/mt), and down in Rotterdam (\$6/mt) and Durban (\$1/mt)**
- **LSMGO prices up in Durban (\$9/mt), and down in Rotterdam (\$16/mt) and Gibraltar (\$3/mt)**
- **HSFO prices up in Gibraltar (\$10/mt), and down in Rotterdam (\$19/mt)**

Gibraltar's HSFO and VLSFO prices have moved counter to the wider market direction and gained in the past day. A higher-priced prompt VLSFO stem fixed in Gibraltar on Friday has contributed to push the benchmark higher.

Availability of VLSFO and HSFO is said to be normal in Gibraltar and in Las Palmas, but bad weather conditions in both ports could complicate deliveries, a trader told ENGINE. Strong winds ranging up to 23 knots are forecast to hit Las Palmas intermittently through this week.

Meanwhile, bunkering has been suspended in Gibraltar today amid adverse weather conditions, according to port agent MH Bland. Bunker operations are slated to resume later at night. Currently, six vessels are waiting for bunkers in Gibraltar, MH Bland says.

Gibraltar is facing strong wind gusts of 35-38 knots today, according to the Gibraltar Port Authority. The port authority has issued a strong wind warning, which is valid till Tuesday and may be extended further.

In the nearby Ceuta port, bunkering is progressing smoothly. Six vessels are due to arrive for bunkers today, up from five on Saturday, according to shipping agent Jose Salama & Co. No delays have been reported there.

## **Brent**

The front-month ICE Brent contract lost \$1.71/bbl on the day from Friday, to trade at \$81.20/bbl at 09.00 GMT.

### **Upward pressure:**

The global oil market is experiencing uncertainty regarding crude supply due to OPEC+ voluntary cuts and ongoing geopolitical conflicts.

Brent's price found some support after another US-flagged and -owned oil tanker M/V Torm Thor came under two subsequent drone attacks by the Houthis on Saturday, the US Central Command (CENTCOM) confirmed.

"Unsurprisingly, Crude oil [Brent] prices have ground upwards since the start of the year, primarily due to the daily Houthi attacks in the Red Sea shipping lanes," SPI Asset Management's managing partner Stephen Innes said.

The Israel-Hamas conflict does not seem to come to an end anytime soon, mainly after Israeli Prime Minister Benjamin Netanyahu said that no sides have yet struck a ceasefire deal, Reuters reported.

"The uptick in the geopolitical risk premium from a thickening Israel-Hamas conflict has likely added a few dollars to current [Brent] prices," Innes added.

### **Downward pressure:**

Growing US crude inventories have raised alarm bells about lacklustre oil demand in the world's largest crude oil-consuming nation and capped Brent's price gains.

US commercial crude oil stocks increased by 4 million bbls last week to reach 442.96 million bbls, according to the US Energy Information Administration (EIA).

Meanwhile, various other factors including "sluggish economic conditions and increasing electric vehicle (E.V.) sales in China, which remains a significant driver of new incremental demand," have also weighed on oil demand and put downward pressure on Brent futures, Innes said.

The International Energy Agency (IEA) suggests that global oil demand will increase by 1.2 million b/d to reach 103 million b/d in 2024. This growth rate is much lower than the 2.2 million b/d projection observed by OPEC.

"OPEC's forecast of a 2.2 mb/d increase appears overly optimistic even if the Fed and ECB cut rates sooner than expected," Innes added.

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