

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in most European and African ports have gained, and HSFO prompt supply is tight in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$23/mt), Rotterdam (\$13/mt) and Gibraltar (\$7/mt)**
- **LSMGO prices up in Rotterdam (\$20/mt), Gibraltar (\$17/mt), and down in Durban (\$27/mt)**
- **HSFO prices up in Gibraltar (\$16/mt), and Rotterdam (\$14/mt)**

Rotterdam's LSMGO has registered a sharp increase of \$20/mt, outpacing Gibraltar's gains by \$3/mt. One higher-priced LSMGO stem fixed in Rotterdam for prompt delivery has added upward pressure on the port's benchmark. Rotterdam's LSMGO is priced about \$88/mt lower compared to Gibraltar's.

Bunkering resumed in Gibraltar last night after a brief suspension yesterday due to bad weather conditions. Congestion has increased in the port, where nine vessels are currently waiting for bunkers, up from six yesterday, says port agent MH Bland. VLSFO and LSMGO availability is good in Gibraltar, while HSFO is tight for prompt dates. Lead times of 6-8 days are recommended for HSFO, traders say.

Rough weather is forecast at Gibraltar intermittently throughout this week, which may lead to bunker suspension and potentially push lead times further. The nearby ports of Algeciras and Ceuta have been functioning normally. Bunker fuel availability is said to be normal in both ports, with stems being offered across all grades. One VLSFO prompt delivery stem was fixed at \$590/mt in Algeciras earlier today.

In Ceuta, six vessels are due to arrive for bunkers, unchanged from yesterday, according to shipping agent Jose Salama & Co.

Brent

The front-month ICE Brent contract gained \$1.27/bbl on the day, to trade at \$82.47/bbl at 09.00 GMT.

Upward pressure:

Escalation of the crisis in the Middle East and a spillover in the Red Sea have driven Brent futures higher so far this week.

The Houthis have continued striking commercial vessels and oil tankers with ballistic missiles, causing jitters in the oil market, analysts said.

“Tension in the Middle East remains elevated, with the US and its allies striking several targets in Houthi controlled Yemen in response to increased attacks on commercial shipping in the Red Sea,” ANZ Bank’s senior commodity strategist Daniel Hynes said.

Moreover, Goldman Sachs has raised its summer 2024 peak price forecast for the front-month ICE Brent contract by \$2/bbl to \$87/bbl due to the ongoing hostilities in the Red Sea that would contribute to larger-than-expected draws in commercial crude stocks in the OECD nations, Reuters reported.

Downward pressure:

In the US, oil production has remained at elevated levels in recent weeks, signalling the ongoing expansion in production capacity. This has added some downward pressure to Brent’s price.

The number of rigs drilling for crude oil and natural gas in the US increased by five to 626 units last week, reaching an 11-week high, according to US-based energy firm Baker Hughes.

“The bullish impact of OPEC+ cuts is tempered by sustained production growth outside the coalition,” said SPI Asset Management’s managing partner Stephen Innes.

Meanwhile, Kansas City Federal Reserve Bank president Jeffrey Schmid said that he, like most of his other colleagues, is in no hurry to cut US interest rates in the upcoming months, Reuters reported.

Higher interest rates in the US typically dampen global demand for commodities like oil, as it increases purchasing costs for non-dollar holders.

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