

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have moved in mixed directions, and LSMGO supply remains tight in Durban.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$10/mt) and Rotterdam (\$3/mt), and down in Gibraltar (\$6/mt)**
- **LSMGO prices down in Durban (\$50/mt), Rotterdam (\$6/mt) and Gibraltar (\$1/mt)**
- **HSFO prices up in Rotterdam (\$2/mt), and down in Gibraltar (\$8/mt)**

Durban's LSMGO price has come down in the past day, while securing prompt supply of the grade can be difficult. Availability of LSMGO is running dry with traders recommending well over ten days for the grade there. Supply of VLSFO is also very tight in the South African ports of Durban and Richards Bay, requiring lead times of 10-14 days, according to traders.

Rotterdam's LSMGO price has also decreased in the past day. One lower-priced prompt LSMGO stem was booked in Rotterdam in the past day, which contributed to the downward price movement. Supply of the grade is said to be normal there.

Meanwhile, Gibraltar is facing severe congestion with longer waiting times. Suppliers in Gibraltar are currently working to clear bunker backlogs, that was triggered by bad weather conditions earlier this week, sources say. Several shipowners are redirecting vessels to receive bunkers in the nearby port of Algeciras, a source says. This has led to heightened demand in Algeciras, where five stems were booked in the past day.

In Ceuta, five vessels are waiting for bunkers today, down from six yesterday, according to shipping agent Jose Salama & Co. Two stems, both for prompt delivery, have been booked in Ceuta in the past day.

## **Brent**

The front-month ICE Brent contract gained \$0.29/bbl on the day, to trade at \$82.76/bbl at 09.00 GMT.

### **Upward pressure:**

Global supply concerns continued to support Brent futures.

Organization of the Petroleum Exporting Countries (OPEC) and its allies are expected to extend voluntary production cuts into the second quarter of this year, Reuters reported citing sources.

Brent's price surged "in response to media reports suggesting that the Organization of the Petroleum Exporting Countries (OPEC) and Russia-led producers are contemplating extending the current output cuts," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, Brent futures also gained after Russia announced a six-month ban on all gasoline exports starting 1 March, due to planned refinery maintenance work, state-owned media agency TASS reported.

"The decision may have been influenced by unplanned refinery outages in Russia, possibly exacerbated by escalating drone attacks from the Ukrainian military," Innes added.

### **Downward pressure:**

Downward pressures acting on Brent futures today include another whopping build in the US crude stocks, noted by the American Petroleum Institute (API).

US commercial crude inventories increased by 8.42 million bbls in the week ended 23 February, according to API figures. This week's inventory growth, as per the API data, marked the fourth consecutive week of rise in US crude stocks, indicating a lacklustre demand growth in one of the world's largest oil-consuming nations.

Meanwhile, Wafa oil field in western Libya resumed operations on Tuesday, after remaining closed over the weekend due to protestors demanding better wages, Bloomberg reported.

The oil field produces around 40,000 – 45,000 b/d of crude oil.

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