

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly dipped in the past day, and vessel transits through the Bosphorus Strait have been suspended due to dense fog and low visibility.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$3/mt) and Gibraltar (\$2/mt), and down in Rotterdam (\$11/mt)**
- **LSMGO prices down in Gibraltar (\$14/mt), Rotterdam and Durban (\$6/mt)**
- **HSFO prices down in Gibraltar (\$4/mt) and Rotterdam (\$3/mt)**

Most bunker benchmarks in key European and African ports have resisted Brent's upward push and declined in the past day. Two prompt delivery stems have been booked since yesterday, one each for LSMGO and VLSFO.

Rotterdam's VLSFO price drop has outpaced that of its LSMGO and HSFO. A lower-priced VLSFO stem has contributed to drag the benchmark price lower. The port's VLSFO discount to Gibraltar has widened by \$13/mt to \$48/mt now.

Congestion has eased in Gibraltar, where two vessels are waiting for bunkers today, port agent MH Bland said. On the other hand, the nearby Ceuta port continues to witness high demand. Four prompt delivery stems have been fixed in Ceuta since yesterday. A total of nine vessels are scheduled to arrive for bunkers in Ceuta today, said shipping agent Jose Salama & Co. One supplier is reporting delays of 3-4 hours in the port.

VLSFO prices have gained for the third consecutive day in South Africa's Durban port. Two VLSFO stems were booked in a price range of \$14/mt yesterday, of which one higher-priced stem has contributed to push the benchmark up.

In Turkey's Istanbul port, vessel transits through the Bosphorus Strait have been suspended today due to dense fog and low visibility, says MH Bland. Overall, demand has been slow in Istanbul so far this week, a trader said.

Brent

The front-month ICE Brent contract gained \$0.42/bbl on the day, to trade at \$83.18/bbl at 09.00 GMT.

Upward pressure:

Brent futures extended the previous day's gains amid growing concerns about global supply tightness.

Voluntary production cuts of 2.2 million b/d by OPEC producers and allies (OPEC+) that commenced from the beginning of this year have been supporting Brent's price. Oil market analysts expect the coalition to extend the current supply agreement into the second quarter of 2024.

"[Brent] Prices have been steadily climbing in recent weeks amid signs of tightness," ANZ Bank's senior commodity strategist Daniel Hynes said.

OPEC+ is scheduled to meet in early March to discuss its output strategy.

"The focus is gradually shifting to the OPEC+ decision on voluntary output cuts for the second quarter of 2024," said two analysts from ING Bank. "Expectations are that the group may extend the existing cuts considering the softer crude oil prices," they added.

Downward pressure:

Brent's price gains were capped after the US Energy Information Administration's (EIA) weekly oil inventory report showed a sizeable build in US crude stocks, indicating slow demand growth in the country.

Commercial crude oil inventories in the US increased for the fifth straight week, by 4 million bbls to reach 447.16 million bbls on 23 February, according to the EIA. Analysts polled by Reuters expected a rise of 2.7 million bbls.

"Oil [Brent] futures dipped following the data release by the U.S. Energy Information Administration (EIA), indicating a continued increase in commercial crude oil stockpiles for the fifth consecutive week through February 23," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, the US, the UAE and Qatar's ongoing negotiations over a six-week ceasefire in the Gaza Strip in exchange for the release of Israeli hostages have also put some downward pressure on Brent's prices.

US President Joe Biden said that Israel has agreed to halt military operations in Gaza during the Muslim holy month of Ramadan which begins on 10 March, Reuters reported.

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