ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in most European and African ports have tracked Brent's downward movement, and availability across all grades is good in the ARA hub.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam ($1/mt), and down in Durban ($9/mt) and Gibraltar ($5/mt)**
- **LSMGO prices down in Gibraltar ($16/mt), Rotterdam ($6/mt) and Durban ($2/mt)**
- **HSFO prices down in Rotterdam ($4/mt) and Gibraltar ($1/mt)**

Gibraltar's LSMGO price has come down sharply in the past day, outpacing the losses in Rotterdam and Durban. Two non-prompt lower-priced stems, one each for LSMGO and VLSFO, have been fixed in Gibraltar earlier today. These stems have added downward pressure on the port's benchmarks. Availability of VLSFO and LSMGO is normal in Gibraltar, with recommended lead times of around 3-4 days for both grades, a trader says.

Congestion has eased slightly in Gibraltar, with six vessels currently waiting for bunkers today, down from 10 yesterday, a source says.

In the nearby Ceuta, 11 vessels are due to arrive for bunkers today, up from eight yesterday, says shipping agent Jose Salama & Co. Suppliers are not reporting any delays there. The bunker barge SPABunker Cuarenta is back in operation after being in dry dock for almost a month.

Meanwhile, availability of all bunker fuel grades is good in the ARA hub, a trader says. Lead times of 4-6 days are recommended for HSFO, while VLSFO requires 4-5 days. LSMGO supply is good for prompt delivery dates, with the trader advising lead times of 2-4 days for the grade.

Brent

The front-month ICE Brent contract lost $1.08/bbl on the day, to trade at $82.70/bbl at 09.00 GMT.

Upward pressure:

Brent futures moved higher in recent weeks on the back of several supply-side concerns.

On Sunday, several members of the Organization of the Petroleum Exporting Countries and its allies (OPEC+) announced the extension of voluntary output cuts until June-end.

“Rising spot prices indicate the physical market has begun to tighten amid a host of other supply side disruptions,” said ANZ Bank’s senior commodity strategist Daniel Hynes.

Brent’s price gained more support after the ongoing conflict in the Red Sea saw further escalation. Iran-backed Houthis launched two ballistic anti-ship missiles at M/V MSC SKY II, a Liberian-flagged and Swiss-owned container vessel yesterday, the US Central Command (CENTCOM) said.

One missile caused some damage to the vessel, US CENTCOM confirmed.

“While tensions in the Middle East have yet to directly impact supply, the Red Sea disruptions have increased the time oil is unavailable to the market,” Hynes added.

Downward pressure:

Brent’s price shed the previous day’s gains as weak demand growth projections weighed on market sentiments.

Oil market analysts are not fully convinced with China’s economic reform pledges that are expected to boost oil demand in the Asian country.

“Oil prices retreated despite initial gains, highlighting concerns about demand that overshadowed OPEC+'s widely anticipated decision to extend output cuts,” said SPI Asset Management’s managing partner Stephen Innes.

Chinese Premier Li Qiang pledged to transform the country's economic development model and control industrial overcapacity in 2024. He has set an economic growth target of 5% for China this year, Reuters reported.

“The downward trend in oil prices signals unease among traders regarding global economic growth, with potential complications arising from China beyond current expectations,” Innes added.

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