

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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European and African bunker prices have held broadly steady on the day, and bad weather has disrupted bunkering in Las Palmas.

Changes on the day to 09.00 GMT today:

**VLSFO prices up in Gibraltar (\$1/mt), and down in Rotterdam (\$7/mt) and Durban (\$5/mt)**

**LSMGO prices up in Gibraltar (\$1/mt), and down in Rotterdam and Durban (\$10/mt)**

**HSFO prices up in Gibraltar (\$8/mt), and down in Rotterdam (\$9/mt)**

Bunkering has been suspended at Las Palmas' outer anchorage today due to bad weather conditions, port agent MH Bland says. Strong winds and swells of more than 2 metres have hit the port today. Deliveries at the port's more sheltered inner anchorage is also currently halted, MH Bland says, citing instructions from the harbour master. A total of 12 vessels are currently waiting to bunker across the port's inner and outer anchorages, it says.

Meanwhile, the weather is currently better in the nearby port of Tenerife. Bunker calls could be diverted from Las Palmas to Tenerife to avoid delays, a source says.

Delivery of stems could also be delayed in Gibraltar and Algeciras, where bad weather is forecast until Friday. Gale-force wind gusts of up to 34 knots and swell of around 3.1 meters are set to hit Gibraltar from tomorrow morning, which could impact bunkering or trigger intermittent closures until Friday.

Bunker prices across all grades have increased some in Gibraltar in the past day. Supply of all grades is currently normal in Gibraltar. But smooth delivery of stems will remain subject to weather conditions, a source says.

Bunker prices for all grades have come down in Rotterdam in the past day, erasing sharp gains made in the previous session. Prompt availability of VLSFO and LSMGO is still tight in the ARA bunkering hub due to barge loading delays, a source says. Deliveries of the two grades require minimum lead times of 3-5 days in the ARA, the source adds.

HSFO availability is slightly better than last week in the region, but prompt deliveries remain subject to enquiries.

In South Africa's Algoa Bay, bunkering has resumed this morning after being suspended yesterday due to bad weather. Two vessels are currently receiving bunkers at anchorage in the bay, and two more are scheduled to arrive today, according to Rennies Ships Agency.

## **Brent**

Front-month ICE Brent has increased by \$0.97/bbl on the day, to \$85.22/bbl at 09.00 GMT.

### **Upward pressure:**

Brent price movement is currently dominated by unexpected output cuts announced by OPEC+, led by Saudi Arabia. The latest OPEC+ oil production cuts totalling 1.16 million b/d through 2023 are in addition to the 2 million b/d output cuts announced last October.

China's reopening has raised concerns over tightening oil supplies. ANZ commodity strategist Daniel Hynes believes that OPEC+ output cut could threaten "to push the market into deficit quickly." "This move sends a strong message to the market, with OPEC drawing a line in the sand regarding oil prices," he adds.

Brent futures are also drawing support from a steep fall in US emergency reserves, which have fallen to their lowest levels since 1983. This might keep the Biden administration away from releasing more oil to lower rising oil prices.

The number of rigs extracting crude oil and natural gas in the US fell by three to 755 last week, after rising for two consecutive weeks, Baker Hughes reported. This is the first quarterly drop in the US rig count since 2020.

### **Downward pressure:**

Lingering concerns about the pace of China's economic recovery post-lockdown has limited Brent's price increase. OANDA's senior market analyst Edward Moya has noted that OPEC's production cut signals that oil producers are "not confident with the demand outlook."

Both the European Central Bank and the US Federal Reserve are expected to raise interest rates by 25-basis-point in their upcoming policy meetings. This could weigh on Brent prices amid growing concerns about a recession in the US and Europe.

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