ENGINE: Europe & Africa Bunker Fuel Market Update

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Prices in most European and African bunker locations have decreased some with Brent, and bad weather has disrupted bunkering in the Gibraltar Strait and Las Palmas.

Changes on the day to 09.00 GMT today:

VLSFO prices down in Gibraltar ($7/mt), Rotterdam ($3/mt) and Durban ($2/mt)
LSMGO prices down in Gibraltar ($12/mt), Durban ($6/mt) and Rotterdam ($2/mt)
HSFO prices up in Gibraltar ($15/mt), and down in Rotterdam ($2/mt)

Strong winds and swells have forced a bunker suspension in Gibraltar and at Algeciras' outer anchorage today, port agent MH Bland says. Bunkering has also been suspended at anchorage in Ceuta, where four vessels are scheduled to arrive for bunkers today.

The weather is forecast to remain bad in Algeciras, Ceuta and Gibraltar until Friday, which could cause bunker delays, depending on the intensity and direction of waves and swells.

Bunkering has also been suspended at Las Palmas' outer anchorage since yesterday due to strong winds and high swells. Deliveries at the port's more sheltered inner anchorage are also currently halted, MH Bland says, citing instructions from the harbour master.

Gibraltar's VLSFO and LSMGO prices have come down in the past day, while its HSFO price have increased by $15/mt. Supply of all grades is said to be normal in Gibraltar. Two suppliers can offer deliveries for prompt dates, a source says.

Bunker prices for all grades have decreased some in Rotterdam in the past day. Prompt availability of VLSFO and LSMGO is still tight in the ARA bunkering hub, a source says. HSFO availability is slightly better than last week in the region, but prompt supply remains subject to enquiries.

In Durban, VLSFO and LSMGO prices have come down slightly in the past day. Supply of the two grades is normal there and in Algoa Bay.

Bunkering is in progress in Algoa Bay. One vessel is currently receiving bunkers in Port Elizabeth, while two are held up waiting at anchorage in the bay, according to Rennies Ships Agency.

Brent

Front-month ICE Brent has declined by $0.46/bbl on the day, to $84.76/bbl at 09.00 GMT.

Upward pressure:

Markets are still skewed to the upside due to unexpected production cuts by major OPEC oil producers and Russia through 2023. OPEC+'s production cuts come amid a projected increase in China's oil consumption to raise concerns about a global supply shortage.

“On the back of the OPEC cut, OECD inventories should move back into deficits much quicker than expected. And with the anticipated upward bounce in seasonal demand, oil prices look set to move even higher,” SPI Asset Management’s managing partner Stephen Innes has said in a blog.

He says that although recession headwinds have not "magically disappeared," oil bulls should remain encouraged unless the US Federal Reserve “pulls James Bullard's hawkish playbook off the shelf” and takes drastic measures to curb inflation.

Downward pressure:

According to the latest US Job Openings and Labour Turnover Survey, there were 9.9 million job openings in February, down from 10.5 million in January. This is the lowest number in two years, and it has rekindled fears of a recession in the US, CMC's market analyst Tina Teng has said.

During a recession, more consumers are typically forced to cut back on non-essential spending, which can include travel and transportation, and dent oil demand. Also, an uncertain economic picture can make investors more cautious about investing in riskier assets like crude oil futures.

“The crude rally hit a brick wall as market pessimism grows that the US economy is headed towards a recession,” says OANDA’s senior market analyst Edward Moya.

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