

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices in most European and African ports have moved marginally down with Brent, and bunkering remains suspended in Gibraltar and Algeciras amid rough weather.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$1/mt), and down in Gibraltar (\$5/mt) and Rotterdam (\$4/mt)**
- **LSMGO prices up in Durban (\$5/mt), and down in Rotterdam (\$16/mt) and Gibraltar (\$5/mt)**
- **HSFO prices up in Rotterdam (\$1/mt), and down in Gibraltar (\$7/mt)**

Bunker operations have been suspended in Gibraltar, Algeciras and at anchorage in Ceuta since yesterday due to bad weather, port agent MH Bland says. Weather conditions are forecast to remain adverse in these ports until Friday, which could keep bunkering suspended.

Bunker prices across all grades have decreased some in Gibraltar in the past day. Availability of all fuel grades is said to be normal there, but deliveries are subject to weather conditions, a source says.

Rotterdam's VLSFO and LSMGO prices have come down in the past day. Securing prompt deliveries of the two grades can be difficult in the ARA hub. Lead times of 3-5 days are advised for deliveries in Rotterdam, a source says. HSFO supply is slightly better, but deliveries for prompt dates are subject to enquiries, the source adds.

In South Africa's Durban, VLSFO and LSMGO prices have increased marginally in the past day, recovering losses made in the previous session. Supply of the two grades is normal there, a source says.

VLSFO supply is also said to be normal in Mozambique's Nacala port, while the grade's availability is currently tight in Maputo, a source says.

Brent

Front-month ICE Brent has inched \$0.05/bbl lower on the day, to \$84.71/bbl at 09.00 GMT. The Brent futures contract is set to rise by more than 6% since last Friday.

Upward pressure:

ANZ commodity strategist Daniel Hynes has estimated that OPEC+'s surprise output cut "has the potential to push the implied oil market deficit as deep as 2mb/d [2 million b/d] in coming months." He adds that sluggish supply growth in the US and limited spare capacity with some suppliers will shore up oil prices in the near future.

ING's head of commodity strategy Warren Patterson echoes Hynes' comments about potential supply shortage in the oil market. ING has also raised its Brent price forecast to \$100/bbl in the second half of 2023 from \$97/bbl earlier.

Saudi Arabia has hiked the official selling price (OSP) for May Arab Light crude by 30 cents/bbl from April. According to Reuters, the OSP is now \$2.80/bbl over Oman/Dubai quotes. The hike in OSP "points to further strength in demand in the region," Hynes says in a note.

Downward pressure:

The initial shock of OPEC+'s unexpected output cut has been mitigated by a drop in US job openings. A decline in job openings indicates that the rate of job growth is slowing down. This can be an early indicator of a weakening economy and highlights the possibility of a recession in the US.

Commercial US crude inventories declined by 3.74 million bbls on the week, to 469.96 million bbls on 31 March, according to the official weekly figures from the US Energy Information Administration (EIA). However, the decline was lower than the 4.3 million-bbl draw estimated by the American Petroleum Institute (API).

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