

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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European and African bunker prices have held broadly steady, and vessels are receiving bunkers again in Algoa Bay.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$5/mt), and down in Gibraltar (\$2/mt) and Rotterdam (\$1/mt)**
- **LSMGO prices up in Durban (\$12/mt) and Gibraltar (\$4/mt), and down in Rotterdam (\$1/mt)**
- **HSFO prices up in Rotterdam (\$7/mt) and Gibraltar (\$1/mt)**

Bunker operations have resumed in Algoa Bay today after being suspended yesterday due to bad weather, according to Rennies Ships Agency. Swells have come down to 2.7 metres today, from 5 metres yesterday, which has allowed suppliers to resume bunker deliveries in the bay.

Two vessels are currently receiving bunkers at anchorage in Algoa Bay, and three more are scheduled to arrive today, Rennies says.

Bunker fuels supply is said to be normal in Algoa Bay and Durban, but prompt availability is tight and stems require lead times of up to seven days, a source says.

Bunker prices across all grades have moved in a narrow range in Gibraltar in the past day, while availability is said to be normal there. One supplier in Gibraltar can offer deliveries of all fuel grades with lead times of around 4-5 days, a source says.

Rotterdam's HSFO price has increased some in the past day, while its VLSFO and LSMGO prices have come down slightly. Prompt supply of HSFO is said to be tight in the ARA hub, requiring lead times of around 6-7 days, a source says.

Brent

Front-month ICE Brent has gained by \$1.01/bbl on the day, to \$85.71/bbl at 09.00 GMT.

Upward pressure:

The US Energy Information Administration (EIA) has forecast crude oil production from OPEC members to average at 33.7 million b/d this year. This is down by 400,000 b/d from its previous forecast.

The EIA has also lowered its global liquid fuel production forecast by 300,000 b/d from its March forecast. Global liquid fuel production is now projected to rise from 100 million b/d in 2022, to 101.3 million b/d this year.

The US energy info provider forecasts the Brent spot price to average \$85/bbl this year - an upward revision of \$3/bbl from its March outlook. Similarly, it has raised its 2024 Brent price forecast by nearly \$4/bbl to \$81/bbl.

“The oil market is going to remain tight and while China’s reopening has underwhelmed, they will do a lot better going forward and that should keep prices supported,” OANDA senior market analyst Ed Moya has said.

Downward pressure:

On the flip side, the EIA has said that “increasing risks in the US and global banking sectors increases uncertainty about macroeconomic conditions” and that can lead to a potential decline in global oil demand this year.

“The [global economic] outlook is uncertain again amid financial sector turmoil, high inflation, ongoing effects of Russia’s invasion of Ukraine, and three years of COVID,” says the International Monetary Fund in the latest World Economic Outlook report. It has downgraded this year’s global GDP outlook by 0.1% to 2.8% percent.

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