

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker prices have decreased with Brent, and bunkering at anchorage has been halted by rough weather in Algoa Bay.

Changes on the day to 09.00 GMT today:

VLSFO prices down in Durban (\$26/mt), Rotterdam (\$14/mt) and Gibraltar (\$12/mt)

LSMGO prices down in Durban (\$28/mt), Rotterdam and Gibraltar (\$13/mt)

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

Bunker operations at anchorage have been suspended in Algoa Bay today due to strong winds and swells of more than four metres, a source says. High swells are forecast to hit the bay in periods between today and Sunday, which could complicate deliveries.

Six vessels are scheduled to arrive for bunkers in Algoa Bay and Port Elizabeth this week, according to Rennies Ships Agency.

In Durban, VLSFO and LSMGO prices have decreased in the past day. Supply of both the products is said to be normal there, a source says.

Bunker prices across all grades have come down in Rotterdam in the past day. Meanwhile, fixing prompt stems for HSFO, VLSFO and LSMGO can be difficult in the port and in the wider ARA hub, sources say.

Supply of HSFO is currently tight in Rotterdam as both product and barge availability are under pressure, a source says. Lead times of around seven days are advised for HSFO delivery in Rotterdam, up from 4-5 days last week.

Bunker prices for all grades have decreased in Gibraltar in the past day, while availability is said to be normal.

Slight congestion has been reported in Gibraltar and Algeciras today, according to port agent MH Bland. One supplier in Gibraltar and three in Algeciras are running behind schedule, MH Bland says.

Brent

Front-month ICE Brent has slipped lower by \$1.22/bbl on the day, to \$86.04/bbl at 09.00 GMT.

Upward pressure:

OPEC has kept its global demand growth forecast for this year unchanged from its March outlook. The global oil demand is projected to increase by 2.3 million b/d this year to 101.9 million b/d, led by China, according to OPEC's latest oil market report.

China imported 12.37 million b/d of crude oil in March, according to official customs data accessed by Reuters. This is the highest level in nearly three years, Reuters reports.

OPEC has lowered Russia's oil production forecast by an additional 50,000 b/d from its March projection considering recent output cuts announced by the country. It has estimated Russian liquid fuel production to drop by 750,000 b/d to average 10.3 million b/d this year.

The US Energy Information Administration (EIA) has forecast the Brent spot price to average \$85/bbl this year - an upward revision of \$3/bbl from its March outlook. According to the EIA, the additional oil production cut announced by OPEC+ will tighten the oil market this year and push Brent's spot price higher.

Downward pressure:

OPEC has forecast a decline in the US and European summer oil demand in the second quarter of this year amid concerns over an economic slowdown and rising interest rates. The organisation has highlighted that "ongoing French refinery strikes" and "peak refinery maintenance in Asia" could further reduce summer oil demand.

The US Federal Reserve (Fed) released the minutes of its Federal Open Market Committee (FOMC) meeting held in March. The minutes indicate that the US economy is predicted to enter a recession later this year, partly because of headwinds from the recent banking sector turmoil. This could lower oil demand in the US.

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