

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African locations have moved in mixed directions, and VLSFO and HSFO supply is tight in the ARA hub.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$16/mt), Gibraltar (\$3/mt) and Rotterdam (\$1/mt)**
- **LSMGO prices up in Durban (\$2/mt), and down in Gibraltar (\$3/mt) and Rotterdam (\$1/mt)**
- **HSFO prices unchanged in Rotterdam, and down in Gibraltar (\$13/mt)**

Gibraltar's HSFO price has declined by \$13/mt in the past day, while Rotterdam's HSFO remained unchanged. The diverging price moves have narrowed Gibraltar's HSFO premium over Rotterdam's from \$50/mt in the past day, to \$37/mt now.

Prompt supply of VLSFO and HSFO is tight in the ARA hub due to product shortages at refineries, a source says. Shell's Pernis refinery near Rotterdam is currently undergoing scheduled three-month maintenance, which is set to finish on 1 May. Around 200,000 b/d of crude distillation unit capacity has been offline. Pernis refinery maintenance has largely contributed to tighten bunker fuel availability in the ARA.

Lead times of 5-7 days are recommended for VLSFO and HSFO deliveries in the ARA, a source says. However, LSMGO requires shorter lead times of 3-4 days.

Bunker deliveries at Ceuta's anchorage have been suspended since yesterday due to rough weather conditions, according to port agent MH Bland. Meanwhile, bunker deliveries at the port's more sheltered berth area are running smoothly, it says.

A bit of congestion has built up in Ceuta today. Nine vessels are scheduled to arrive for

Brent

Front-month ICE Brent has slipped by \$1.47/bbl lower on the day, to \$84.28/bbl at 09.00 GMT.

Upward pressure:

The International Energy Agency (IEA) has forecast a "record" global oil demand of 101.9 million b/d this year, mainly due to China's rising demand for oil. The IEA has also warned that surprise production cuts by OPEC+ will lead to a supply deficit of nearly 400,000 b/d by the end of this year.

China's gross domestic product (GDP) in the first quarter of 2023 rose by 4.5% on the year, Reuters reports citing data from the National Bureau of Statistics. This has surpassed the 4.0% growth estimate given by analysts polled by Reuters. The Chinese government has set a 5% economic growth target for 2023.

Goldman Sachs has noted that the GDP data indicates that China's economy is on track to recover after the country relaxed most restrictions related to Covid. "Today's [China GDP] data are in line with our full-year bullish view for China growth," Goldman Sachs' chief China economist Hui Shan tells CNBC. Goldman Sachs has forecast China's GDP growth at 6% this year.

Downward pressure:

On the flip side, China's economy grew by only 2.2% on a quarterly basis, compared with 2.9% in the fourth quarter of last year, according to Reuters.

OANDA's senior market analyst Craig Erlam has argued that China's GDP growth was largely driven by retail sales. The industrial production figures, on the other hand, were "less inspiring" and underscore economic difficulties this year, he says.

Reuters has reported that negotiations between the Iraqi and Kurdish governments are progressing. A ceasefire between Iraqi and Kurdish authorities will allow oil exports to resume from the Kurdistan region in northern Iraq through the Ceyhan export terminal in

Turkey.

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By Nithin Chandran and Konica Bhatt