

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Europe & Africa Market Update

Regional bunker benchmarks have moved in mixed directions, and Rotterdam's Hi5 spread narrows further.

Changes on the day to 09.00 GMT today:

- **VLSFO prices unchanged in Durban, and down in Rotterdam (\$17/mt) and Gibraltar (\$14/mt)**
- **LSMGO prices down in Gibraltar (\$19/mt), Rotterdam (\$17/mt) and Durban (\$12/mt)**
- **HSFO prices up in Rotterdam (\$8/mt), and down in Gibraltar (\$6/mt)**

Gibraltar's HSFO price has come down by \$6/mt in the past day, while Rotterdam's HSFO gained by \$8/mt amid upward pressure from a higher-priced stem. The diverging price moves have contributed to narrow Gibraltar's HSFO premium over Rotterdam's from \$37/mt in the past day, to \$23/mt now.

Rotterdam's Hi5 spread has also narrowed sharply from \$97/mt in the past day, to \$72/mt.

VLSFO and HSFO availability is tight in the ARA hub. Securing stems for prompt dates can be difficult as several suppliers are running low on stocks, a source says. Recommended lead times for VLSFO and HSFO deliveries are about 5-7 days in the ARA. HSFO lead times can be even longer due to product loading delays at terminals. Loading delays of 2-4 days have been reported at some terminals in recent weeks, a source says.

In Ceuta, bunker operations are running smoothly despite moderate easterly winds. 10 vessels are scheduled to arrive for bunkers in Ceuta today, according to shipping agent Jose Salama & Co. One vessel is currently waiting to bunker at berth, while no vessel awaits bunkers at the port's anchorage.

After being suspended yesterday, bunkering at Algeciras' outer port limit (OPL) has partially resumed today. Meanwhile, bunkering at outer Delta anchorage could fully resume this afternoon, port agent MH Bland says. Bunker operations at Algeciras' Delta anchorage has been suspended since Monday.

Bunker operations are running smoothly in Algoa Bay, with one vessel currently receiving bunkers at anchorage, Rennie's Ships Agency says. However, strong wind gusts and swells are forecast to hit the bay later today, which could hinder bunker deliveries.

Brent

The front-month ICE Brent contract dropped \$1.43/bbl on the day, to \$81.67/bbl at 09.00 GMT.

Upward pressure:

A greater-than-expected draw in US commercial crude inventories and worries surrounding supply tightening prevented Brent's price from plummeting lower.

US commercial crude inventories declined by 4.58 million bbls on the week, to 465.97 million bbls on 14 April, according to US Energy Information Administration (EIA) data. The weekly draw exceeded the 2.68-million-bbl increase estimated by the American Petroleum Institute (API).

Meanwhile, the International Energy Agency (IEA) has estimated that global crude demand will hit record levels this year. However, there are concerns that rising demand will outpace the growth in production, leading to a tighter oil market.

Downward pressure:

The US Federal Reserve's Beige Book economic report has signalled an economic slowdown in the US. Demand jitters triggered by a looming recession in the US have kept Brent's price in the red.

The Fed's Beige Book observes that tighter credit conditions have made it difficult for businesses to borrow money, particularly after the collapse of the Silicon Valley Bank (SVB). The report also shows that the labour market is tightening across the US. These factors can contribute to an economic downturn and increase the risk of a recession, it adds.

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