

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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European and African bunker prices continue to fall with Brent, and fuel oil supply remains tight in the ARA.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Gibraltar (\$16/mt), Durban (\$8/mt) and Rotterdam (\$7/mt)**
- **LSMGO prices down in Durban (\$13/mt), Gibraltar (\$7/mt) and Rotterdam (\$3/mt)**
- **HSFO prices down in Rotterdam (\$6/mt) and Gibraltar (\$5/mt)**

A steeper decline in Gibraltar's VLSFO price has narrowed its premium over Rotterdam's from \$29/mt in the past day, to \$20/mt now. VLSFO and LSMGO availability is said to be normal in Gibraltar, a source says.

Bunker operations are running smoothly across Gibraltar Strait ports. Minimal congestion has been reported in Gibraltar and Algeciras today. One vessel is currently waiting to bunker in Gibraltar, port agent MH Bland says.

LSMGO has been offered in Rotterdam today with nearly a \$50/mt price difference between the highest-and lowest-priced offers from suppliers. Securing HSFO and VLSFO deliveries for prompt dates in Rotterdam can be difficult, while LSMGO is more readily available, a source says.

Recommended lead times for HSFO and VLSFO are about 5-7 days. Shorter lead times of around three days are advised for LSMGO deliveries.

In Malta, stems are currently being supplied only at bunkering area six, MH Bland says. The port is experiencing wind gusts of nearly 30 knots and swells of about two metres, which could hinder bunker deliveries.

LSMGO availability is said to be normal in the UK's Liverpool. One supplier can deliver stems by barge, while another can deliver stems through trucks there, a source says.

Brent

The front-month ICE Brent contract has declined by \$0.52/bbl on the day, to \$81.15/bbl at 09.00 GMT.

Upward pressure:

As domestic demand improves in the world's largest oil consumer, China could trim export quotas for refined oil products in a second batch for 2023, according to Reuters market research. This could support Brent's price.

The Iraqi and Kurdish governments are yet to reach an agreement on oil supplies from Kurdish oil fields in northern Iraq. The stalemate between the two authorities has kept around 450,000 b/d of supply away from the market.

Downward pressure:

"Almost four months into 2023, the mood across oil markets anecdotally is one of trepidation and persistent caution regarding both US growth and global inflation risks," SPI Asset Management's managing partner Stephen Innes says in a note.

He adds that oil bulls are leaving the market possibly because of weaker economic growth expectations and potential hike in interest rates by central banks in major economies.

Innes also stresses that China's economic recovery is not "spilling over" to oil demand, heightening uncertainty in the market.

South Sudan's oil production remains uninterrupted despite the internal conflict in Sudan, Bloomberg reports citing South Sudan's oil minister Puot Kang Chol. The export marine terminal in Sudan has not been damaged and oil "production has been steady at 169,141 b/d," the report quoted Chol as saying. The Republic of South Sudan is a member of the OPEC+, which is an extended group of OPEC-allied oil producers.

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