

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

24/04/23

Regional bunker prices have mostly increased over the weekend, and bunker fuel availability is normal in Gibraltar.

Changes on the day from Friday, to 09.00 GMT today:

- **VLSFO prices up in Rotterdam and Durban (\$4/mt) and Gibraltar (\$1/mt)**
- **LSMGO prices up in Durban (\$45/mt), Gibraltar (\$11/mt) and Rotterdam (\$10/mt)**
- **HSFO prices up in Gibraltar (\$3/mt), and down in Rotterdam (\$12/mt)**

Rotterdam's HSFO price has declined over the weekend amid downward pressure from lower-priced indications, while Gibraltar's HSFO price has inched higher. The diverging price moves have contributed to widen Rotterdam's HSFO discount to Gibraltar's from \$24/mt on Friday, to \$39/mt now.

Availability is normal across all grades in Gibraltar. A lead time of three days is generally recommended to ensure full coverage from suppliers.

Two vessels await bunkers at Gibraltar today, port agent MH Bland says. One supplier is facing delays of 4-6 hours.

On the other hand, VLSFO and HSFO availability is tight in the ARA hub. Some suppliers are fully booked for the remaining days of this month. The earliest delivery dates for VLSFO and HSFO with some suppliers stretch out to dates in early May, a source says.

LSMGO availability is said to be better in Rotterdam, a source says.

Rotterdam's VLSFO price has been pushed up by tight availability in recent weeks. Its discount to Gibraltar's VLSFO has narrowed sharply, from \$48/mt on 5 March to \$17/mt now.

Bunkering is progressing normally in Algoa Bay today, according to Rennie's Ships Agency. Two vessels are currently receiving bunkers at anchorage and another two vessels are due to receive bunkers.

Brent

The front-month ICE Brent contract has inched up by \$0.31/bbl on the day from Friday, to \$81.46/bbl at 09.00 GMT.

Upward pressure:

Prospects of a Chinese oil demand recovery and supply shortages from reduced OPEC+ production remain the key supports for Brent. Chinese travel and fuel demand is expected to surge during the nation's five-day Golden Week holiday, which begins on 1 May.

According to the International Energy Agency (IEA), global oil demand will reach a "record" 101.9 million b/d this year. This historic demand, fuelled by the Chinese consumption recovery and OPEC+ output cuts, will also squeeze worldwide supply and tilt the supply-demand balance into a 400,000 b/d deficit by the end of the year, the watchdog has warned.

The Iraqi and Kurdish governments have not yet reached an agreement on oil supplies from Kurdish fields located in northern Iraq. The impasse has kept around 450,000 b/d of Kurdish crude supply away from the market.

Downward pressure:

Russia emerged as India's top supplier in the last fiscal year, Reuters has reported citing industry sources, as OPEC oil producers' Indian oil imports declined to the lowest level in 22 years.

This is the first time that Russia has overtaken OPEC producers Iraq and Saudi Arabia as the leading supplier to India, according to data accessed by Reuters. Russian Urals crude oil is trading at a \$17/bbl discount to the Brent spot price today.

"The recent stress in the US banking sector has heightened concerns around the growth trajectory, triggering a shift from a market heavily focused on inflation last year to growth concerns," SPI Asset Management managing partner Stephen Innes said in a note. The US Federal Reserve's signalling of a rate hike beyond May could be negative for oil markets, he added.

By Nithin Chandran and Konica Bhatt

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com