

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

25/04/23

Bunker prices in most European and African ports have increased with Brent, and supply of VLSFO and HSFO is still tight in the ARA.

Changes on the day to 09.00 GMT today:

**VLSFO prices up in Durban (\$24/mt), Rotterdam (\$9/mt) and Gibraltar (\$8/mt)**

**LSMGO prices up in Durban (\$15/mt) and Rotterdam (\$4/mt), and down in Gibraltar (\$3/mt)**

**HSFO prices up in Gibraltar (\$15/mt) and Rotterdam (\$3/mt)**

Bunker prices across all grades have increased in Rotterdam in the past day. Availability of VLSFO and HSFO is currently tight in Rotterdam and in the wider ARA hub, while LSMGO is more readily available.

A steeper rise in Gibraltar's HSFO price has widened its premium over Rotterdam's by \$12/mt, to \$51/mt now. Meanwhile, bunker fuel availability is said to be normal in Gibraltar. Lead times of around three days are generally recommended for all grades.

Minimal congestion has been reported in Gibraltar today, with one supplier facing delays of 4-6 hours, port agent MH Bland says.

Bunkering is progressing normally in Ceuta. Five vessels are due to arrive for bunkers in Ceuta today, according to shipping agent Jose Salama & Co.

In Durban, VLSFO and LSMGO prices have increased in the past day. Supply of the products is said to be normal there and in Algoa Bay.

Bunkering is progressing normally in Algoa Bay today, according to Rennies Ships Agency. Two vessels are currently receiving bunkers at anchorage and one more vessel is scheduled to arrive today. Strong winds are forecast to hit the bay on Thursday, which could complicate deliveries.

### **Brent**

The front-month ICE Brent contract has moved up by \$1.34/bbl on the day, to \$82.80/bbl at 09.00 GMT.

**Upward pressure:**

Brent has regained its footing with attention shifting from macroeconomic concerns to oil supply-demand dynamics. Supply shortage worries have been exacerbated by Iraq sparking a supply crunch, by OPEC and Russia's forthcoming production cuts, and by an expected rise in Chinese fuel demand during the upcoming five-day Golden Week holidays. The Kurdish and Iraqi governments have been at odds over oil exports from northern Iraq for the past month, and four sources have told Reuters that there are "few concrete signs" that the 450,000 b/d of Kurdish supply will resume any time soon.

According to Bloomberg, European refineries have been experiencing crude oil input shortages since Iraq halted supplies of Kurdish crude. Since Russia invaded Ukraine last year, European refiners have turned more to Iraqi crude after to replace Russian product. The two countries' crude grades have similar densities and sulphur contents.

"Earlier today, a couple of tankers gave up after waiting almost a month for Iraqi Kurdish oil," OANDA analyst Ed Moya wrote in a note published on Monday. "This is a reminder that the oil market is going to remain sensitive to replacing the sour crude it was getting from Russia. Not all crude grades are equal and can easily replace each other," Moya added.

**Downward pressure:**

Both the US Federal Reserve and the European Central Bank (ECB) are expected to raise their key interest rates at policy meetings next week. Investors are wary of central bankers' comments on interest rates and hike signals can contribute to keep Brent in check.

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