

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices in most regional ports have come down with Brent, and HSFO supply is tight for prompt dates in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$14/mt), Rotterdam (\$4/mt) and Gibraltar (\$3/mt)**
- **LSMGO prices down in Durban (\$30/mt), Rotterdam (\$21/mt) and Gibraltar (\$15/mt)**
- **HSFO prices steady in Gibraltar, and down in Rotterdam (\$4/mt)**

Rotterdam's prices for all grades have decreased in the past day. Two lower-priced LSMGO stems have been fixed in a narrow range of \$3/mt in Rotterdam, contributing to drag the port's benchmark lower. Availability of LSMGO is said to be normal in Rotterdam, while VLSFO and HSFO grades are still tight for prompt dates.

Rotterdam's HSFO price has decreased by \$4/mt in the past day, while the grade's price has remained steady in Gibraltar to widen its premium over Rotterdam by \$4/mt to \$55/mt. Supply of HSFO is slightly tight in Gibraltar, while other grades are more readily available there, a source says.

Gibraltar's HSFO price is at a \$25/mt premium over Algeciras, while at \$23-26/mt discounts to Malta and Las Palmas.

Slight congestion has been reported in Gibraltar and Algeciras today. One supplier in Gibraltar and three in Algeciras are running behind schedule, port agent MH Bland says.

Bunkering is progressing normally in Algoa Bay, where one vessel is currently receiving bunkers at anchorage, while another vessel is held up waiting, according to Rennie's Ships Agency. Strong winds are forecast to hit the bay on Thursday, which could complicate deliveries.

Brent

The front-month ICE Brent contract has declined by \$1.54/bbl on the day, to \$81.26/bbl at 09.00 GMT.

Upward pressure:

There have been growing concerns about oil supply shortages due to the ongoing Iraqi supply crunch, and the forthcoming OPEC+ and Russian production cuts. This comes amid an anticipated demand surge in China, where the upcoming five-day Golden Week holiday is expected to boost travel and fuel demand.

Two crude tankers, the Neverland and Amax Anthem, were waiting for almost a month to load Kurdish oil, and have now left the Turkish Ceyhan port without any cargo, Bloomberg's ship tracking and port agent reported. Three other tankers still await loading. This suggests the Kurdish supply of 450,000 b/d is unlikely to resume soon.

US crude inventories were drawn by 6.1 million bbls in the week that ended 21 April, according to an American Petroleum Institute (API) estimate. Official US Energy Information Administration's (EIA) weekly data is scheduled for release later today.

Downward pressure:

Brent has slipped over the past day amid concerns about a resurgence of the banking crisis and economic weakness in the US, one of the world's largest oil consumers.

There are fears that First Republic Bank may become the third American lender to collapse, after Silicon Valley Bank (SVB) and Signature Bank, following a \$100 billion decline in deposits in the first quarter.

Meanwhile, oil traders have "sniffed out" a freight recession in the US, a month after diesel rates began to drop, said SPI Asset Management's managing partner Stephen Innes. A freight recession occurs when shipping demand declines dramatically and results in a decrease in freight transportation.

Significantly lower domestic volumes reported by US freight operator UPS in the first quarter of 2023 confirmed these fears, sending crude prices "reeling overnight on the prospect of fewer trucks delivering goods across the country," Innes noted.

An average Singapore refinery's margin from a bbl of Dubai crude dropped to its lowest level in nearly six months, at \$2.53/bbl last Monday, according to Reuters. "A slump in oil refining margins is also weighing on sentiment," according to Daniel Hynes, commodity strategist at ANZ. "This could lead to lower processing rates at refineries, particularly in Asia."

By Shilpa Sharma and Konica Bhatt

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