

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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European and African bunker prices have declined further with Brent, and prompt fuel oil supply remains tight in the ARA.

Changes on the day to 09.00 GMT today:

VLSFO prices down in Durban (\$34/mt), Rotterdam (\$27/mt) and Gibraltar (\$22/mt)

LSMGO prices down in Gibraltar (\$36/mt), Durban (\$34/mt) and Rotterdam (\$29/mt)

HSFO prices down in Gibraltar (\$16/mt) and Rotterdam (\$9/mt)

Tracking the decline in Brent futures, bunker prices across all grades have come down in Rotterdam, Gibraltar, Durban and several other regional ports. LSMGO prices in Rotterdam and Gibraltar have declined to 15-month lows.

A steeper fall in Rotterdam's VLSFO price has narrowed the port's Hi5 spread from \$93/mt to \$75/mt now. Prompt VLSFO and HSFO supply are still tight in Rotterdam and in the wider ARA hub, partly because of product shortages at refineries. Shell's Pernis refinery near Rotterdam is undergoing a scheduled three-month maintenance, which is set to be completed on 1 May.

Meanwhile, a steeper fall in Gibraltar's HSFO price has contributed to narrow its premium over Rotterdam's by \$7/mt, to \$48/mt now. Supply of HSFO is slightly tight in Gibraltar, while other grades are more readily available, a source says.

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.

Brent

The front-month ICE Brent contract has plunged lower by \$3.27/bbl on the day, to \$77.99/bbl at 09.00 GMT.

Upward pressure:

The market is banking on a recovery in Chinese oil demand during the Golden Week holidays, when tens of millions travel for family reunions. This is expected to push crude prices higher.

A sharp rise in demand and OPEC+ production cuts will further tighten oil supplies, which are already constrained by the standoff between Iraq and Kurdistan and by lower US crude inventories.

Commercial US crude inventories declined by 5.05 million bbls on the week, to 460.91 million bbls as of 21 April, according to official weekly figures from the US Energy Information Administration (EIA). The pullout is marginally below the 6.1 million-bbl draw estimated by the American Petroleum Institute (API), but far exceeds the 1.5 million-bbl drop predicted in a Reuters' poll of analysts.

Downward pressure:

Fears that a banking crisis could flare up amid a looming recession in the US forced Brent prices to tumble to a one-month low, below the crucial \$80/bbl mark.

OANDA's senior market analyst Ed Moya has ruled out \$100/bbl level for Brent in the near future as he believes "China's recovery is not materialising, and US demand is weaker."

Brent is also holding its breath in light of multiple central bank policy meetings next week.

The US Federal Reserve and the European Central Bank (ECB) are expected to signal a pause in interest rate hikes when they meet next week. However, investors are worried that any further increase will harm economies already battling macroeconomic headwinds.

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