

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices in most European and African ports have increased some with Brent, and supply of VLSFO and LSMGO is normal in Gibraltar.

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

VLSFO prices up in Durban (\$14/mt), Rotterdam (\$9/mt) and Gibraltar (\$6/mt)

LSMGO prices up in Durban (\$6/mt), Gibraltar (\$3/mt), and down in Rotterdam (\$6/mt)

HSFO prices up in Rotterdam (\$7/mt) and Gibraltar (\$2/mt)

All bunker benchmarks in Gibraltar have increased some over the weekend, while the availability of most fuel grades is said to be normal. A steeper rise in the port's VLSFO price has contributed to widen its Hi5 spread from \$41/mt to \$45/mt now.

Meanwhile, Rotterdam's VLSFO price rise has outpaced Gibraltar's to narrow its discount by \$3/mt to \$18/mt. Prompt supply of HSFO and VLSFO has been tight in the ARA hub over the past few weeks.

Minimal 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 Las Palmas amid conducive weather conditions. Favourable weather conditions are expected to prevail this week, MH Bland says.

In South Africa's Durban, VLSFO and LSMGO prices have risen over the weekend. Availability of both grades is said to be normal there, requiring lead time of up to seven days.

Brent

The front-month ICE Brent contract has gained by \$0.72/bbl on the day from Friday, to \$78.62/bbl at 09.00 GMT.

Upward pressure:

OPEC+ production cuts of 1.16 million b/d takes effect from today. Last month, the group announced production cuts of 1.16 million b/d through 2023. These cuts are in addition to the 2 million b/d output cuts announced by the group last October, taking the total OPEC+ production reduction to 3.66 million b/d this year.

As OPEC+ members cut down production and Chinese oil demand recovers, the crude price is expected to gradually rise to nearly \$90/bbl this year, a Reuters poll shows. The survey predicts that crude will average \$87.12/bbl this year, up from the previous forecast of \$86.49/bbl.

Downward pressure:

China's official manufacturing purchasing managers index (PMI) declined to 49.2 in April from 51.9 in March, beating Reuters analyst prediction of 51.4 for the month. An unexpected drop in Chinese manufacturing data has raised concerns about China's post-Covid 19 economic recovery. This has capped Brent gains.

The US Federal Reserve will hold a two-day Federal Open Market Committee (FOMC) meeting this week. Several market participants expect the central bank to increase interest rates by 25 basis points. Since March last year, the Fed has increased its interest rates by 475 basis points, moving from a near-zero level to the current 4.75-5% range, Reuters said.

Interest rate hikes typically push the US dollar up against other global currencies, rendering Brent and other commodities priced in dollars more expensive to some buyers.

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