

# 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 with Brent, and bunkering has resumed in Algoa Bay.

Changes on the day to 09.00 GMT today:

**VLSFO prices up in Gibraltar (\$7/mt), Rotterdam (\$4/mt), and down in Durban (\$30/mt)**

**LSMGO prices up in Gibraltar and Durban (\$13/mt) and Rotterdam (\$10/mt)**

**HSFO prices up in Gibraltar (\$21/mt) and Rotterdam (\$3/mt)**

Bunker deliveries have resumed in Algoa Bay today after being halted yesterday. As vessels waited for bunker barges, bunkering was kept on standby yesterday, according to Rennie's Ships Agency. Two vessels are currently receiving bunkers at anchorage, while three vessels are held up waiting, Rennie's says. Meanwhile, swells of more than three meters are forecast to hit the bay today, which could hinder deliveries.

Availability of VLSFO and LSMGO is said to be normal in Algoa Bay and Durban. A lower-priced VLSFO stem fixed in Durban in the past day has contributed to drag the port's benchmark lower.

Bunker prices across all grades have increased some in Rotterdam and Gibraltar in the past day. A steeper rise in Gibraltar's HSFO price has widened its premium over Rotterdam by \$18/mt to \$62/mt. Prompt supply of the product is said to be tight in both ports.

Meanwhile, Gibraltar's HSFO discounts to Las Palmas and Malta are at \$19/mt and \$30/mt, respectively.

Slight congestion has been reported in Gibraltar, Algeciras and Ceuta today, according to port agent MH Bland.

Two vessels are currently waiting to receive bunkers at anchorage in Ceuta, and 10 more are scheduled to arrive today, according to shipping agent Jose Salama & Co.

### **Brent**

The front-month ICE Brent contract has inched \$0.48/bbl higher on the day, to \$73.79/bbl at 09.00 GMT. However, futures are set for a near 10% weekly decline.

**Upward pressure:**

The oil market remains hopeful, despite a worrying global macroeconomic scenario, owing to solid underlying factors surrounding Brent.

“While sentiment is negative at the moment, the market is in oversold territory and our balance sheet still shows that the market will be in deficit over 2H23 [second half of 2023], which should drive prices higher,” says ING’s head of commodity strategy Warren Patterson.

OPEC+ will hold its next in-person meeting in June. Crude market experts anticipate that the producers' coalition will announce further output cuts if Brent's price drops further against a weak macroeconomic backdrop.

A spokesperson for the Iraqi regime, Basim al-Awadi, has informed Bloomberg News that the delay in resuming crude exports from Ceyhan is because of technical issues claimed by Turkey and the readiness of the pipeline, rather than a lack of agreement between Iraqi and Kurdish authorities.

**Downward pressure:**

Saudi Arabia has lowered the official selling price (OSP) for all grades of crude oil imported into Asia for June. According to a Bloomberg report, the kingdom has cut the OSP for its flagship Arab Light crude by \$0.25/bbl from June to \$2.55/bbl premium over Oman/Dubai quotes.

While the OSP cut is lower than the \$0.45/bbl reduction estimated by traders and refiners polled by Bloomberg, it indicates that the world’s biggest oil supplier expects demand to wane in the coming months.

In the US, White House economic advisors have issued an ominous warning that American debt payments may default, causing a recession akin to the 2008 "great recession."

The US, one of the world's biggest oil consumers, is already under pressure from the banking crisis and rising interest rates. A crippling recession is likely to further undermine demand and spell bad news for the Brent price, which is heavily influenced by global fundamentals.

“If equities continue to plunge here, oil might struggle finding support around the mid-\$60s,” says OANDA’s senior market analyst Ed Moya. “The outlook for the economy is getting uglier by the day and that is making it easier for energy traders to jump on the momentum selling that is hitting WTI [and Brent] crude.”

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