

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

08/05/23

Regional bunker prices have increased with Brent, and bunkering has been suspended at Las Palmas' outer anchorage.

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

**VLSFO prices up in Rotterdam (\$34/mt), Durban (\$30/mt) and Gibraltar (\$18/mt)**

**LSMGO prices up in Gibraltar (\$32/mt), Rotterdam (\$27/mt) and Durban (\$23/mt)**

**HSFO prices up in Gibraltar (\$32/mt) and Rotterdam (\$15/mt)**

Bunker deliveries have been suspended at Las Palmas' outer anchorage today due to rough weather conditions, port agent MH Bland says. Strong winds and swells of above two meters have hit the port today. The weather is forecast to remain bad this week, which could cause more delays and disruptions.

Meanwhile, bunker deliveries via ex-pipe at berth or by barge at the port's inner anchorage is available, MH Bland says.

Over the weekend, bunker prices across all grades have increased in Gibraltar and Rotterdam. A steeper rise in Gibraltar's HSFO price has widened its premium over Rotterdam by \$17/mt to \$79/mt. Prompt supply of the product is said to be tight in both ports.

Gibraltar's HSFO premiums over Las Palmas and Algeciras are at \$3/mt and \$18/mt, respectively. While its discount to Malta's HSFO is steady at \$7/mt.

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

In South Africa's Durban, VLSFO and LSMGO prices have gained over the weekend. Supply of both products is said to be normal there, requiring lead times of up to seven days.

### Brent

The front-month ICE Brent contract has gained by \$2.70/bbl on the day from Friday, to \$76.49/bbl at 09.00 GMT.

**Upward pressure:**

Brent prices have rebounded as tightening supply has once again taken center-stage. According to market analysts, OPEC+ is likely to announce further output cuts at its June in-person meeting.

"The oil fundamentals for supply are still somewhat bearish, but expectations are for OPEC+ to take care of that at next month's meeting on output," says Ed Moya, senior market analyst at OANDA.

The producers' group is tracking market fundamentals around the crude sector very closely, says Phil Flynn, senior account executive at The Price Futures Group. "Sources that I have spoken with believe that OPEC is only a few dollars away from another surprise production cut if this market does not recover soon."

Another round of supply cuts by OPEC+ would further tighten oil inventories in major producing countries.

**Downward pressure:**

The US Congress is at a standstill over raising the debt ceiling. US Treasury Secretary Janet Yellen has warned the ceiling could be breached as early as 1 June.

The White House's economic advisors have warned of a financial crisis akin to the "great recession" of 2008 if the US defaults on its debt payments.

China's slower-than-expected economic recovery, after the lockdowns were lifted, remains a point of concerns for traders. The uncertainty surrounding China's economy has made market nervous about the potential increase in demand that was earlier expected to drive Brent higher.

"We think that most [commodity] prices will continue to struggle over the next few months due to slowdowns in advanced economies," London-based Capital Economics said in a note to clients.

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