

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker prices have come down with declining Brent values, and suppliers are struggling to deliver stems at anchorage in Algoa Bay.

Changes on the day to 09.00 GMT today:

VLSFO prices down in Rotterdam (\$26/mt), Durban (\$24/mt) and Gibraltar (\$15/mt)

LSMGO prices down in Durban (\$42/mt), Gibraltar (\$23/mt) and Rotterdam (\$22/mt)

HSFO prices down in Gibraltar (\$17/mt) and Rotterdam (\$15/mt)

Bunker prices across all grades have come down in Rotterdam, Gibraltar, Durban and several other regional ports. Four LSMGO stems have been booked in a wide range of \$57/mt in Rotterdam in the past day. Stems at the lower end of taht range has contributed to drag the port's LSMGO benchmark down.

Availability of LSMGO is said to be normal in the ARA bunkering hub, with recommended lead times of 3-5 days. However, prompt supply of VLSFO and HSFO has been tight in the region over the past few weeks, sources say.

Rotterdam's VLSFO price drop has outpaced Gibraltar's to widen its discount by \$11/mt to \$15/mt. Bunker fuels availability is normal for most grades in Gibraltar, but securing prompt supply of HSFO can be difficult.

Slight congestion has been reported in Gibraltar today, while bunkering at Las Palmas' outer anchorage have been suspended since Monday due to rough weather, according to port agent MH Bland.

Suppliers in Algoa Bay are struggling to deliver stems at anchorage due to bad weather conditions, a source says. The weather is forecast to deteriorate this evening, which could complicate deliveries. One vessel is currently receiving bunkers at anchorage, while three vessels are held up waiting, according to Rennies Ships agency.

Brent

The front-month ICE Brent contract has declined by \$2.68/bbl on the day, to \$74.58/bbl at 09.00 GMT. The future contract is set to decline by about 1% over the past week.

Upward pressure:

OPEC has maintained its global oil demand forecast for 2023. In its latest Monthly Oil Market Report, the oil-producing group predicts consumption will still reach 101.9 million b/d this year, largely driven by China and India.

The Vienna-based alliance says China's economic rebound might be stronger than expected this year, while India could "surprise to the upside" with increased crude demand.

The OPEC prediction aligns with the most recent US Energy Information Administration's (EIA) forecast, in which the agency upheld its global oil demand estimate of 100.9 million b/d for 2023.

Downward pressure:

Brent's recovery is being undermined by the US debt ceiling impasse, with futures already down nearly 13% in May.

The chief executive of the world's largest private bank, JPMorgan Chase, has warned of adverse consequences if the US defaults on its debt obligations. In an interview with CNBC, Jamie Dimon foreboded financial market instability as America heads towards a potential debt default.

A possible US debt default could lead to "significant economic consequences", OPEC has cautioned. It may lead to a decline in crude demand in one of the world's largest economies, causing ripples in the oil market.

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