

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

16/05/23

Regional bunker prices have moved in mixed directions, and just one of six sites remains open for deliveries off Malta.

Changes on the day to 09.00 GMT today:

**VLSFO prices up in Rotterdam (\$18/mt) and Gibraltar (\$6/mt), and down in Durban (\$23/mt)**

**LSMGO prices up in Durban (\$45/mt), and down in Rotterdam (\$6/mt) and Gibraltar (\$1/mt)**

**HSFO prices up in Gibraltar (\$7/mt) and Rotterdam (\$5/mt)**

Only one in six bunkering areas has been opened for deliveries off Malta today, according to port agent MH Bland.

Bunker operations have been suspended there since Monday due to adverse weather. Availability across all fuel grades is said to be normal in and off Malta, but delays are expected due to rough seas, a source says.

Bunkering has also been suspended at Las Palmas' outer anchorage, for a week now, due to rough weather, per MH Bland. However, deliveries via ex-pipe at berth or by barge at the port's inner anchorage is available.

Rotterdam's VLSFO and HSFO prices have increased in the past day, while its LSMGO price edged lower. Availability of VLSFO and HSFO is said to have improved from last week, but securing prompt deliveries for the two grades can still be difficult, other sources say.

Slight congestion has been reported in Gibraltar and Algeciras today, while no backlog has been reported in Ceuta, MH Bland noted. Nine vessels are scheduled to arrive for bunkers in Ceuta through the day, according to shipping agent Jose Salama & Co.

### **Brent**

The front-month ICE Brent contract has gained by \$1.20/bbl on the day, to \$75.35/bbl at 09.00 GMT.

**Upward pressure:**

“Crude oil gained as ongoing supply side issues helped spark a relief rally after heavy selling last week,” according to ANZ commodity strategist Daniel Hynes.

Threats of disruptions to Canadian oil supply due to ongoing wildfires and a Turkish refusal to restart Kurdish crude exports, from the Ceyhan port, have kept Brent in the green.

Meanwhile, the US Department of Energy (DoE) has announced it will buy up to 3 million bbls of sour crude in August to refill its strategic petroleum reserves. The sour variant, usually sourced from OPEC countries, typically sells at a discount to sweet crude because sour crude must be treated with hydrogen to lower the sulphur content.

When the DoE buys up large quantities of oil, it increases the demand for the product, which in turn bolsters prices. But the DoE's purchases lowers stockpiles, thus driving the price up even further.

**Downward pressure:**

Concerns over macroeconomic uncertainty in the US and a muted economic recovery in China can dent Brent rates.

“Speculators reduced their net long positions in ICE Brent by 25,094 lots over the last reporting week to 112,742 lots as of last Tuesday - the smallest net long since December,” ING's Warren Patterson said in a report published on Monday.

“The move was predominantly driven by fresh shorts with the gross short position now just over 100k lots, the highest level since July 2021. This relatively large short does leave some positioning risk for the market. Any convincing move higher in the market could lead to a short-covering rally,” Patterson explains.

*By Shilpa Sharma and Konica Bhatt*

*Please get in touch with comments or additional info to [news@engine.online](mailto:news@engine.online)*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association (“NFA”). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](http://freightinvestorservices.com)