

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices in European and African ports have come down with Brent, and bunkering has been halted by bad weather in Algoa Bay.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Rotterdam (\$11/mt), Gibraltar (\$9/mt) and Durban (\$1/mt)**
- **LSMGO prices down in Gibraltar (\$10/mt), Durban (\$8/mt) and Rotterdam (\$1/mt)**

### **HSFO prices down in Gibraltar (\$4/mt) and Rotterdam (\$3/mt)**

Bunker prices across all grades have come down in Rotterdam and Gibraltar in the past day. A steeper fall in Rotterdam's VLSFO price has widened its discount by \$2/mt to \$14/mt. Availability of the product is said to have improved from last week, but securing prompt delivery can still be difficult there, sources say.

Rotterdam's VLSFO price has come under pressure from a lower-priced 150-500 mt stem fixed in the past day and booked in for delivery in 3-7 days.

Bunker fuel availability of all grades is said to be normal in Gibraltar, a source says.

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

Bunker operations have been suspended in Algoa Bay this morning due to adverse weather conditions, according to Rennie's Ships agency. Strong winds and waves ranging up to 3.4 metres have hit the bay today. Two vessels are currently waiting to receive bunkers at anchorage, while one more vessel is held up waiting in the adjacent Port Elizabeth, Rennie's says.

### **Brent**

The front-month ICE Brent contract has inched lower by \$0.46/bbl on the day, to \$74.89/bbl at 09.00 GMT.

**Upward pressure:**

Chinese oil demand is projected to surpass previous expectations and this has prompted the International Energy Agency (IEA) to raise its global oil demand forecast by 200,000 b/d for 2023. The IEA now expects global oil demand to rise by 2.2 million b/d this year and average 102 million b/d.

Meanwhile, global oil demand is expected to exceed supply by almost 2 million b/d this year, which could tighten the market in the second half of the year, according to the IEA.

Commercial US crude inventories were drawn by 3.7 million bbls in the week that ended 12 May, according to an American Petroleum Institute (API) estimate. Official weekly data from the Energy Information Administration (EIA) is scheduled for release later today.

**Downward pressure:**

A gloomy global macroeconomic outlook, says senior analyst at OANDA Ed Moya, pointing weaker economic data released from the US and China as a near-term concern.

"Crude prices remain heavy as energy traders just can't shake off global demand concerns. It doesn't matter how upbeat everyone is for China's second half of the year, the current situation is too disappointing," he has said.

*By Shilpa Sharma and Konica Bhatt*

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