

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker prices have again gained with Brent, and Gibraltar's Hi5 spread has narrowed further.

Changes on the day to 09.00 GMT today:

**VLSFO prices up in Durban (\$15/mt), Gibraltar (\$6/mt) and Rotterdam (\$4/mt)**

**LSMGO prices up in Durban (\$25/mt), Rotterdam (\$17/mt) and Gibraltar (\$13/mt)**

**HSFO prices up in Gibraltar (\$12/mt) and Rotterdam (\$8/mt)**

Gibraltar's HSFO price has gained by \$12/mt in the past day, while its VLSFO inched \$6/mt higher. This resulted in further narrowing the port's Hi5 spread from \$24/mt in the past day to just \$18/mt now.

Availability of HSFO and VLSFO has improved from last week in Rotterdam and in the wider ARA hub, but securing prompt delivery can still be difficult there, sources say. LSMGO is said to be more readily available there, requiring lead times of around three days, sources say.

Bunker fuel availability of all grades is said to be normal in Gibraltar, a source says. Two suppliers can deliver prompt stems of VLSFO, HSFO and LSMGO.

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

Bunker operations at Las Palmas' outer anchorage have been suspended since last week due to bad weather. The weather is forecast to remain unfavourable until Sunday, which could cause more delays and disruptions. However, bunker deliveries via ex-pipe at berth or by barge at the port's inner anchorage will remain available, MH Bland says.

## Brent

The front-month ICE Brent contract has climbed higher by \$1.62/bbl on the day, to \$76.51/bbl at 09.00 GMT.

### Upward pressure:

The International Energy Agency (IEA) has raised its global oil demand forecast for 2023 and now expects demand to exceed supply by almost 2 million b/d this year. This could lead to supply tightening in the second half of the year.

US President Joe Biden has hinted that Congress is likely to raise the federal government's \$31.4 trillion debt ceiling soon. "I'm confident that we'll get the agreement on the budget, that America will not default," Biden has said.

Positive commentary and optimism around both the US debt negotiations and a demand uptick have lifted Brent's spirits for now.

### Downward pressure:

However, Biden has also clarified that ongoing "negotiation[s]" are "about the outlines of what the budget will look like, [but] not about whether or not we're going to, in fact, pay our debts"

It is likely that investors will become wary of the obscurity surrounding the US debt talks. In the long run, it is likely to limit crude's price gains and mount downward pressure on rates.

Commercial US crude inventories have seen a build of 5.04 million bbls in the week that ended on 12 May, according to official data by the Energy Information Administration (EIA). This is greater than the American Petroleum Institute (API) estimate of a build of 3.7 million bbls.

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