

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices in European and African ports have moved in mixed directions. Refuelling has resumed in Algoa Bay.

Changes on the day to 09.00 GMT today:

VLSFO prices up in Rotterdam (\$5/mt), Durban (\$3/mt), and unchanged in Gibraltar

LSMGO prices up in Gibraltar (\$3/mt), unchanged in Rotterdam, and down in Durban (\$41/mt)

HSFO prices up in Rotterdam (\$1/mt), and down in Gibraltar (\$8/mt)

Bunker operations resumed in Algoa Bay this morning after being suspended yesterday due to bad weather, according to Rennie's Ships Agency. Three vessels are currently receiving bunkers at anchorage while two are waiting, Rennie's says.

Fuel supply is said to be normal at Algoa Bay, Durban and other South African ports, sources say. However, gale-force wind gusts are forecast to hit the bay this Sunday, which could trigger another suspension.

Elsewhere, the HSFO price has come down slightly in Gibraltar in the past day, while rates in Rotterdam remain steady. The diverging price moves have narrowed Rotterdam's HSFO discount to Gibraltar's by \$9/mt to \$73/mt.

Availability of the fuel grade has improved from last week, but securing prompt delivery can still be difficult in Rotterdam, other sources say.

Minimal congestion has been reported in Gibraltar and Algeciras today, according to port agent MH Bland. Bunkering is going ahead as usual in Ceuta, where seven vessels are scheduled to dock today, per shipping agent Jose Salama & Co.

Brent

The front-month ICE Brent contract has inched lower by \$0.24/bbl on the day, to \$76.27/bbl at 09.00 GMT. Futures are set to gain over 3% on the week.

Upward pressure:

Both India and the US announced buyback plans to refill emergency oil reserves, and these moves will result in a supply deficit forecast by the International Energy Agency (IEA), says Phil Flynn, senior account executive of The Price Futures Group.

According to the Joint Organisations Data Initiative (JODI), global crude demand surged by a historic 3 million b/d from February to March, Flynn notes. JODI is a collaboration of six international energy agencies, including the IEA and OPEC.

In the US, three lawmakers have proposed a bill to reimpose a ban on US crude exports, according to US Senator Edward Markey.

America is the largest supplier of crude oil to the EU since the latter banned Russian seaborne crude oil imports. A ban on US oil exports would create a significant supply gap in the European bloc. This could lead to a surge in demand for OPEC oil and boost Brent prices in the long term.

Downward pressure:

Brent continues to trade in a lower range from where it stood before the banking sector turmoil began, says Craig Erlam, senior market analyst at OANDA.

“Better economic expectations or another OPEC+ intervention will likely be needed in order to lift oil prices back into that December to March range and neither looks likely over the next couple of weeks,” Erlam adds.

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