

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker prices have mostly declined, and rough weather could impact Algoa Bay bunkering.

Changes on the day to 09.00 GMT today:

- **VLSFO prices unchanged in Gibraltar, and down in Durban (\$27/mt) and Rotterdam (\$2/mt)**
- **LSMGO prices down in Durban (\$17/mt), Gibraltar (\$5/mt) and Rotterdam (\$4/mt)**
- **HSFO prices unchanged in Gibraltar, and down in Rotterdam (\$1/mt)**

Durban's VLSFO price has come down sharply from the start of this week. A lower-priced VLSFO stem fixed in the port today has contributed to drag the port's benchmark lower. The significant price drop has resulted to erase Durban's VLSFO premium over Algoa Bay.

Availability of VLSFO and LSMGO is said to be normal in Durban and Algoa Bay, with lead times of up to seven days.

Bunkering is progressing normally in Algoa Bay, where four vessels are currently receiving bunkers at anchorage, according to Durban-based Rennies Ships Agency. But gale-force wind gusts of up to 35 knots are forecast to hit the bay from today evening, which could hinder bunker deliveries until tomorrow.

VLSFO and LSMGO availability is tight for very prompt dates (0-2 days) in Flushing. One supplier is fully booked for VLSFO prompt supply dates, which has added pressure on others' supply, sources say.

Securing VLSFO stems for very prompt dates in the French port of Fos-sur-Mer can be difficult amid limited truck availability. One supplier can supply VLSFO via barge but only if stem size is over 200 mt, a source says.

Brent

The front-month ICE Brent contract has inched lower by \$0.44/bbl on the day, to \$77.50/bbl at 09.00 GMT.

Upward pressure:

Brent price is evidently buoyed by positive comments about increasing demand amid concerns over tightening supply.

"It's going to be a busy summer" owing to currently high consumer demand, United Airlines chief executive Scott Kirby has told CNBC. According to him, the US-based airline will serve 2.9 million passengers during the Memorial Day weekend. Kirby's remarks come as a welcome relief amid concerns that a looming US recession could dampen oil demand.

Meanwhile, on the supply side, commercial US crude inventories plunged by 12.46 million bbls on the week, to 455.17 million bbls on 19 May, according to figures from the US Energy Information Administration (EIA). The draw has far eclipsed the 6.8 million-bbl decline estimated by the American Petroleum Institute.

Adding to worries about supply constraints, Saudi Arabia's oil minister Abdulaziz bin Salman has warned against a repeat of OPEC+' intervention to cut production if speculators push Brent's price lower. The warning comes as positioning data of 16 May shows that traders have increased their gross short positions in ICE Brent futures.

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