

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, and Rotterdam's Hi5 spread has widened.

Changes on the day to 09.00 GMT today:

VLSFO prices up in Rotterdam (\$7/mt), and down in Durban (\$6/mt) and Gibraltar (\$5/mt)

LSMGO prices up in Gibraltar (\$2/mt) and Rotterdam (\$1/mt), and down in Durban (\$12/mt)

HSFO prices down in Gibraltar (\$14/mt) and Rotterdam (\$6/mt)

Rotterdam's VLSFO price has gained by \$7/mt in the past day, while its HSFO price declined by \$6/mt. The diverging price moves have widened Rotterdam's Hi spread from \$89/mt to \$102/mt now.

The port's Hi5 spread is wider than Gibraltar's \$46/mt, but still narrower than the Hi5 spread of \$140/mt in the bunker hub – Singapore.

Rotterdam has seen a slight drop in stems fixed this week. Six stems have been recorded by ENGINE since Monday, down from a total of eight stems recorded last week. The majority of stems this week have been for LSMGO.

VLSFO and LSMGO availability is tight for very prompt dates (0-2 days) in Gibraltar, a source says. Lead times of 3-5 days are generally recommended to ensure full coverage from suppliers.

Weather conditions remain conducive for bunkering in Gibraltar, a source says. But two suppliers are experiencing delays of 2-4 hours there, the source adds.

Brent

The front-month ICE Brent contract has plummeted by \$1.1/bbl on the day, to \$76.4/bbl at 09.00 GMT.

Upward pressure:

Russian Deputy Prime Minister Alexander Novak's comments have lent some support to Brent futures. Novak expects Brent to climb above \$80/bbl by the end of this year aided by a potential increase in oil demand in the summer, Russia's state-owned news agency TASS has reported.

Meanwhile, Novak has also backtracked on his comments refuting any production cuts in June, following investors' concerns that the Saudi-Russian dispute could break up OPEC+, says Ed Moya, senior market analyst at OANDA.

"Russia and OPEC+ will make a decision on what is best for oil market, adding that OPEC+ can make a decision at the June meeting, if necessary," says Moya quoting Novak.

On the other hand, US crude oil inventory weekly decline by 12.46 million bbls coupled with the decline in weekly US oil rig count has raised concerns about a supply shortage amidst expected oil demand growth in summer.

Downward pressure:

Concerns about a stronger US dollar and approaching deadline for the US debt ceiling have put downward pressure on Brent. A US debt default could cripple the US economy and have a negative impact on other global economies.

US lawmakers continued talks about extending the US debt ceiling as they struggle to find a middle ground. "Fitch Ratings has placed the country's AAA credit rating on watch, a sign of growing unease about the nation's ability to avoid a default," says ANZ commodity strategist Daniel Hynes.

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