ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices in European and African ports have gained, and VLSFO availability is tight in Ceuta.

Changes on the day from Friday, to 09.00 GMT today:

- **VLSFO prices up in Gibraltar ($14/mt), Rotterdam and Durban ($10/mt)**
- **LSMGO prices up in Rotterdam ($30/mt), Gibraltar ($29/mt) and Durban ($10/mt)**
- **HSFO prices up in Gibraltar ($17/mt) and Rotterdam ($14/mt)**

Bunker benchmarks across European and African ports have gained over the weekend, tracking Brent's upward thrust. Gibraltar's VLSFO has increased by a steeper $14/mt, while the grade's price in Rotterdam inched $10/mt higher. The price moves have contributed to widen Gibraltar's VLSFO premium over Rotterdam from Friday's $24/mt to $28/mt now.

VLSFO availability is "super tight" in Ceuta. One supplier is running low on VLSFO stocks and can mostly offer the grade for delivery dates in mid-June, a source says. This has added pressure on stocks with other suppliers.

Five vessels are scheduled to arrive for bunkers in Ceuta today, according to shipping agent Jose Salama & Co. VLSFO supply is relatively better in Gibraltar, where at least two suppliers can supply the grade for prompt dates. Minimal congestion has been reported in Gibraltar and Algeciras today, port agent MH Bland says.

Meanwhile, workers at the northern French port of Nantes have called for strike action on 6-8 June, according to GAC Hot Port News. Crane drivers and dockers will participate in the upcoming strikes. These strikes will be carried out in shifts, thereby limiting the impact on port operations.

Bunkering is unlikely to be impacted by these strikes, a source says. In recent months, the country has witnessed widespread strikes against the controversial pension reform.

Brent

The front-month ICE Brent contract has gained by $2.36/bbl on the day from Friday, to $77.87/bbl at 09.00 GMT.

Upward pressure:

Brent crude futures gained after Saudi Arabia announced an output reduction of 1 million b/d to 9 million b/d from July, at the OPEC+ meeting on Sunday.

The Organisation of the Petroleum Exporting Countries (OPEC) and its allies, know as OPEC+, agreed to extend output cuts until the end of 2024. From 1 January 2024, OPEC+ will reduce its output target by another 1.4 million b/d, and has set a new target for the whole of 2024 to 40.46 million b/d.

Russia will extend its voluntary output cut of 500,000 b/d until December 2024, Russia's Deputy Prime Minister Alexander Novak said after the OPEC+ meeting.

Oil markets have been monitoring the outcomes of this highly anticipated meeting as OPEC+ represents the leading group of producers of global crude oil. Its policies and regulations can have major impacts on prices.

Downward pressure:

OPEC+ allowed the UAE to raise its output target by around 200,000 b/d to 3.22 million b/d.

On the other hand, commercial crude inventories in the US gained by 4.49 million bbls in the week to 26 May, according to official Energy Information Administration (EIA) figures released last week.

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