

# 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 Gibraltar's HSFO premium over Rotterdam has narrowed.

Changes on the day to 09.00 GMT today:

**VLSFO prices down in Rotterdam (\$4/mt), Durban (\$2/mt) and Gibraltar (\$1/mt)**

**LSMGO prices up in Gibraltar (\$8/mt) and Durban (\$2/mt), and down in Rotterdam (\$1/mt)**

**HSFO prices unchanged in Rotterdam, and down in Gibraltar (\$1/mt)**

Rotterdam's HSFO price has gained by \$22/mt over the past week, while Gibraltar's benchmark increased by a modest \$8/mt. The price moves have narrowed Gibraltar's HSFO premium over Rotterdam from \$41/mt in the past week, to \$27/mt now.

HSFO availability is normal in Gibraltar, with at least two suppliers able to supply the grade for prompt delivery dates, a source says. Meanwhile, lead times for HSFO delivery in Rotterdam range between 4-7 days.

Gibraltar's Hi5 spread has widened on the week, from \$60/mt to \$72/mt now.

Minimal congestion has been reported in Gibraltar today, port agent MH Bland says. Two suppliers are experiencing delays of 1-4 hours there. Bunkering is going ahead as usual in Ceuta, where four vessels are scheduled to arrive today, down from yesterday's five, according to shipping agent Jose Salama & Co.

Availability is normal in Portuguese ports of Lisbon and Sines, a supplier says. Lead times of up to seven days are recommended for VLSFO and LSMGO supply.

### **Brent**

The front-month ICE Brent contract has inched \$0.12/bbl higher on the day, to \$76.52/bbl at 09.00 GMT.

**Upward pressure:**

Brent's upward price trend continues to be driven by Saudi Arabia's commitment to cut production by 1 million b/d from July, outweighing concerns about increasing gasoline stocks in the US and disappointing Chinese export figures, which continue to impact demand dynamics.

US gasoline stocks increased by 2.75 on the week, to 218.82 million bbls on 2 June, according to US Energy Information Administration (EIA) data released yesterday. The weekly stock build-up comes despite the expectation of stronger travel demand during the Memorial Day weekend.

Brent drew further support after EIA's recent short-term energy outlook, which indicated strong travel demand in the US during the summer season. The EIA also raised its forecast outlook for global oil demand by 1.6 million b/d for this year and projects additional 1.7 million b/d demand in 2024.

**Downward pressure:**

The EIA's short-term energy outlook forecasts a rise in crude oil production in the US in the second half of this year as refineries ramp up production to meet rising demand and offset production cuts announced by OPEC and its allies.

Diesel demand in the US is forecasted to decline through 2024, EIA added in the report.

"With global bond yields rising sharply today, that might drive concerns that the market has mistimed the end of tightening, and that might lead to a weaker crude demand outlook," said OANDA'S analyst Ed Moya in a note.

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