

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Europe & Africa Market Update

European and African bunker prices have come down sharply, and bunker fuel availability is normal for delivery off Skaw.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Rotterdam (\$19/mt), Gibraltar (\$18/mt) and Durban (\$15/mt)**
- **LSMGO prices down in Gibraltar (\$23/mt), Durban (\$22/mt) and Rotterdam (\$21/mt)**
- **HSFO prices down in Rotterdam (\$23/mt) and Gibraltar (\$14/mt)**

Rotterdam's HSFO price has declined by \$23/mt in the past day, while Gibraltar's HSFO price made a modest drop of \$14/mt. A steeper decline in Rotterdam's HSFO price has contributed to narrow its premium over Gibraltar from \$22/mt in the past day, to \$13/mt.

Rotterdam's HSFO was indicated in a \$13/mt range in the past day. Indications towards the lower end of the range contributed to pull the port's benchmark lower.

Securing HSFO for prompt delivery dates in Rotterdam and in the wider ARA hub remains difficult. Tight availability of the grade has pushed Rotterdam's HSFO price higher in recent weeks, resulting in rare price premiums over Gibraltar.

VLSFO and LSMGO availability is normal for delivery off Skaw. Meanwhile, HSFO supply is relatively tighter, a source says. Recommended lead times for all grades remain unchanged at 7-10 days. Barge availability is also said to be normal there.

Bunker operations remain suspended in Algoa Bay since last week due to adverse weather conditions, according to Rennies Ships Agency. Congestion has increased in Algoa Bay. Nine vessels are currently waiting to receive bunkers at anchorage, up from yesterday's eight. Another two vessels are due to arrive today, Rennies says.

Bad weather is forecast throughout this week, which could keep bunkering disrupted in Algoa Bay.

Brent

The front-month ICE Brent contract has dropped by \$2.64/bbl on the day, to \$71.82/bbl at 09.00 GMT.

Upward pressure:

Brent futures drew some support after data from American Petroleum Institute (API) showed a larger-than-expected drawdown in US oil inventories last week, indicating demand growth, Reuters reports.

Strong demand from the world's biggest oil consumers during the summer driving season is expected to keep Brent price stable.

Besides, Saudi Arabia's pledge to cut oil output by another 1 million b/d will come into force from July. This could add to the global supply crunch and support oil prices.

"We continue to expect the market to tighten in second-half 2023 on the back of Saudi supply cuts effective from July with upside risk to prices from current levels," said analysts at the National Australia Bank commodity research team.

Downward pressure:

Brent shed previous gains as private mercenary group Wagner retreated from a potential coup in Russia on Saturday. The domestic mutiny had raised concerns about political instability in Russia.

The aversion of coup has shifted oil investors' focus on "gloomy economic forecast and global central bankers that still want a recession," said Phil Flynn, Price Futures Group's senior market analyst.

Interest rate hikes in several countries have put downward pressure on Brent. Nations like the UK, Switzerland, and Norway imposed another hike in interest rates last week, and US Federal Reserve's (Fed) chairman Jerome Powell signaled yet another rate hike this year.

"Inflation is stubbornly high in Europe that could trigger a lot more rate hikes and a harsher recession," OANDA's market analyst Ed Moya said in a note.

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