

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Most regional bunker benchmarks have gained over the weekend, and Gibraltar's HSFO price discounts to Rotterdam have been erased.

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

- **VLSFO prices up in Durban (\$9/mt) and Gibraltar (\$7/mt), and down in Rotterdam (\$1/mt)**
- **LSMGO prices up Durban (\$11/mt) and Gibraltar (\$10/mt), and down in Rotterdam (\$7/mt)**
- **HSFO prices up in Gibraltar (\$15/mt) and Rotterdam (\$2/mt)**

Most European and African bunker benchmarks have gained over the weekend tracking Brent's upward thrust. But Rotterdam's VLSFO and LSMGO grades have moved counter to the general market direction by declining over the weekend.

Rotterdam's LSMGO benchmark has declined by a steeper \$7/mt amid downward price pressure from a lower-priced 50-150 mt LSMGO stem fixed on Friday. As a result, the port's LSMGO discount to Gibraltar has further widened from Friday's \$48/mt to \$65/mt now.

Rotterdam's HSFO price has risen by a modest \$2/mt over the weekend, while the grade's price in Gibraltar gained by \$15/mt. The price moves have erased Gibraltar's HSFO discount to Rotterdam and swung it back to a premium of \$9/mt now. The port's HSFO benchmark traded at rare discounts to Rotterdam in the past week.

Bunkering is currently suspended at Las Palmas' outer anchorage due to rough weather conditions, according to port agent MH Bland. Meanwhile, bunker deliveries are still available via ex-pipe at berth or by barge at the port's inner anchorage, MH Bland says.

Strong wind gusts ranging between 12-24 knots are forecast to hit the region on Wednesday again. Winds at the higher end of the range could complicate deliveries at the port's inner anchorage as well.

Availability is said to be normal across all grades in Las Palmas.

## **Brent**

The front-month ICE Brent contract has gained \$0.84/bbl on the day from Friday, to \$76.03/bbl at 09.00 GMT.

### **Upward pressure:**

Brent futures were supported by the onset of one million b/d output cut, pledged by Saudi Arabia along with a broader OPEC+ commitment to reduce supply into 2024, earlier in June.

Oil prices gained more after Saudi Arabia announced an extension of its voluntary production cut by one month to include August. The country is estimated to produce 9 million b/d of crude oil in August, Saudi Press Agency reports.

Moreover, a sharp fall in US oil inventories and signs of strengthening of the US economy lent more support to Brent futures. The US Energy Information Administration (EIA) reported that crude inventories in the US dropped by 9.6 million bbls last week.

### **Downward pressure:**

The ongoing interest rate hiking cycles by major central banks around the world have dented global oil demand

Recently, the US Federal Reserve's chairman Jerome Powell hinted at two more rate hikes by the end of this year. "The Fed has been a major hurdle as the historic rate hiking cycle has lowered oil demand expectations and has kept a lid on prices," said the Price Futures Group's senior analyst Phil Flynn.

The peak summer driving season in the US is supposed to boost demand but travel plans are getting impacted as more than a third of the US population are under air quality alerts, Phil Flynn further noted. "The Canadian wildfire smoke is having the biggest impact from the Midwest to the East Coast," the analyst added in the note.

*By Shilpa Sharma and Aparupa Mazumder*

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