

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have gained, and HSFO supply is tight across major European bunker hubs.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$15/mt) and Durban (\$13/mt), and unchanged in Rotterdam**
- **LSMGO prices up in Rotterdam (\$26/mt), Gibraltar (\$25/mt) and Durban (\$1/mt)**
- **HSFO prices up in Rotterdam (\$7/mt) and Gibraltar (\$3/mt)**

Most benchmarks have gained tracking Brent's upward thrust. But LSMGO prices in Rotterdam and Gibraltar have increased relatively more amid upward price pressure from higher-priced indications and stems in the past day.

HSFO availability is said to be tight across key bunker hubs in Europe, including the ARA, Gibraltar Strait ports and Las Palmas. Lead times of 5-7 days are recommended for HSFO deliveries in the ARA and Gibraltar Strait, a source says.

VLSFO supply has improved in Ceuta after two suppliers received replenishment cargoes. A total of 33,000 mt of VLSFO was discharged in the port yesterday, with 25,000 mt going to one supplier and 8,000 mt to another, according to the Port of Ceuta.

VLSFO availability is tight in Mozambique's Nacala port, with limited product availability until 28 July, a source says. Meanwhile, HSFO and LSMGO availability is normal in Nacala.

Bunkering is progressing smoothly in Algoa Bay today, where three vessels are currently receiving bunkers at anchorage, while four are held up waiting, according to Rennie's Ships Agency. But strong wind gusts are forecast to hit the bay over the weekend, which could disrupt bunkering there.

## **Brent**

The front-month ICE Brent contract has increased by \$1.83/bbl on the day, to \$79.70/bbl at 09.00 GMT.

### **Upward pressure:**

Supply-side dynamics continue to support Brent futures after OPEC+'s de facto leader Saudi Arabia along with Russia and Algeria pledged to continue crude production cuts into August, amounting to an output reduction of a little over 1.5 million b/d.

Brent felt more upward momentum as the oil market shook off skepticism about Russia's commitment to cut oil output. "Data suggests that Russia is showing signs of compliance even though it may have something to do with seasonal factors," said Price Futures Group's senior market analyst Phil Flynn.

Moreover, the US Energy Information Administration (EIA) has forecast global oil demand to grow in the remainder of 2023. The EIA has projected global oil demand to surpass global crude supply by around 100,000 b/d in 2023 and by around 200,000 b/d in 2024.

### **Downward pressure:**

Brent felt some downward pressure after US crude inventories increased by around 3 million bbls in the week ended 7 July, Reuters reported citing the American Petroleum Institute (API) data.

"The API numbers released overnight were more bearish than expected," said ING's market analyst Warren Patterson. "The market had been expecting some small draws across crude and products," he added in a note.

The more widely followed EIA inventory report will be released later today.

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