

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in European and African ports have moved in mixed directions, and Gibraltar's Hi5 spread has narrowed below \$30/mt.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam and Durban (\$6/mt), and down in Gibraltar (\$9/mt)**
- **LSMGO prices up in Durban (\$16/mt), unchanged in Rotterdam, and down in Gibraltar (\$11/mt)**
- **HSFO prices up in Gibraltar (\$2/mt), and down in Rotterdam (\$2/mt)**

Gibraltar's HSFO has gained by \$2/mt in the past day, while its VLSFO has shed \$9/mt amid pressure from a lower-priced 500-1,500 mt stem fixed in the past day.

HSFO availability has been tight across Gibraltar Strait ports. Tight supply has contributed to push the grade's price higher in Gibraltar in recent weeks. Gibraltar's HSFO price has increased by \$34/mt since the beginning of this month, while its VLSFO price has declined by \$9/mt.

The diverging price moves have narrowed the port's Hi5 spread to just \$27/mt, from \$70/mt at the beginning of this month. At \$27/mt, the port's Hi5 spread is much narrower than spreads of \$63/mt in Rotterdam and \$83/mt in Singapore.

LSMGO benchmark in Durban has gained sharper than others in the past day. The grade has been indicated in a wide \$70/mt range in the past day. Indications at the higher end of the range contributed to push the benchmark higher. Meanwhile, availability of the product is said to be normal there.

Bunkering is progressing normally in Algoa Bay today. But strong wind gusts and swells of more than five meters are forecast to hit the region tomorrow, which could disrupt bunkering until Thursday. Two vessels are currently receiving bunkers at the anchorage, while another four vessels are scheduled to arrive for bunkers between today and Thursday, according to Rennies Ships Agency.

## **Brent**

The front-month ICE Brent contract has shed \$0.05/bbl on the day, to \$78.56/bbl at 09.00 GMT.

### **Upward pressure:**

Brent futures gained some upward momentum amid concerns about a potential crude supply shortage in the US.

Baker Hughes on Monday reported a decline in active oil rigs in the US last week. The energy company in its latest report said that the number of active oil rigs in the US fell by three units to 537 last week, which is the lowest since April last year.

The oil market is now waiting for more cues from the Energy Information Administration's (EIA) weekly US crude stocks data.

On the demand side, market analysts said that oil demand in China was strong in June

“Drilling deeper into the numbers suggests oil demand in China over June was fairly strong with implied demand growing almost 14% year-on-year,” said ING's head of commodities research Warren Patterson.

### **Downward pressure:**

Brent pulled back from last week's highs and dropped below the \$80/bbl mark after China reported weaker-than-expected gross domestic product (GDP) figures.

Additionally, multiple sources have confirmed that Libya has resumed oil production from El-Sharara and El-Feel oilfields. Production from these oilfields was stopped last week following protests that erupted after a former government official was abducted.

“Crude prices are lower as China's economic recovery stalled and as Libya resumed production at key oil fields,” said OANDA's market analyst Ed Moya

“Oil won't catch a bid unless China finally unleashes meaningful stimulus that propels large parts of the economy,” he added in a note.

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