

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

19/07/23

Regional bunker prices have gained with Brent, and bunkering has been suspended in Algoa Bay amid bad weather conditions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam and Gibraltar (\$14/mt) and Durban (\$13/mt)**
- **LSMGO prices up in Durban (\$24/mt), Rotterdam (\$14/mt) and Gibraltar (\$12/mt)**
- **HSFO prices up in Rotterdam (\$13/mt) and Gibraltar (\$8/mt)**

Bunker benchmarks in European and African ports have gained in the past day, tracking Brent's upward thrust.

LSMGO benchmark in Durban has gained sharper than other ports for a second consecutive session. The grade has been indicated in a wide \$35/mt range in the past day, with indications at the higher end of the range pushing the benchmark up. VLSFO and LSMGO availability is said to be normal in Durban, with recommended lead times of up to seven days for both grades.

Meanwhile, VLSFO availability is tight at the nearby port of Nacala in Mozambique, with limited product availability until 28 July, a source says. HSFO is even tighter, with delivery dates stretching to mid-August. LSMGO, on the other hand, is readily available in Nacala.

Bunker operations have been suspended in Algoa Bay today due to adverse weather conditions, according to Rennie's Ships Agency. Strong winds and waves ranging more than five metres have hit the bay this morning. Bunkering could resume tomorrow afternoon, when improved weather conditions are forecast.

Three vessels are currently waiting to bunker at anchorage, and another four vessels are scheduled to arrive for bunkers until Friday, Rennie's says.

## **Brent**

The front-month ICE Brent contract has gained \$1.70/bbl on the day, to \$80.26/bbl at 09.00 GMT.

### **Upward pressure:**

Brent has moved up amid renewed optimism about a recovery in Chinese oil demand. China's highest economic planner, National Development and Reform Commission (NDRC) has pledged to roll out policies to “restore and expand” consumption in the world’s biggest oil-importing nation, Reuters reports.

Additionally, data from the American Petroleum Institute (API) showed that the US crude, distillate, and gasoline inventories declined last week, according to a Reuters report.

US crude oil inventories fell by 800,000 bbls in the week ended 14 July, as per the latest API data. Meanwhile, market analysts were expecting a larger draw of around 2.3 million bbls. “The (API) numbers were fairly neutral,” said ING’s market analyst Warren Patterson.

The more widely followed Energy Information Administration (EIA) report will be released later today.

### **Downward pressure:**

Oil prices felt some downward pressure after China reported weaker-than-expected gross domestic product (GDP) figures last week.

“The bullish oil thesis was again kneecapped by the ongoing deterioration in China's growth fundamentals,” said SPI Asset Management’s analyst Stephen Innes. “The major fear is that signs of slowing in the broader economy will begin to impact transport demand,” he noted.

A slight recovery in the US dollar has added to the downward pressure on oil, Patterson said. “Supply concerns have also eased, with both the Sharara and El Feel oil fields in Libya reportedly resuming after a brief shutdown last week due to protests,” he added in a note.

*By Nithin Chandran and Aparupa Mazumder*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association (“NFA”). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](http://freightinvestorservices.com)