ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly gained, and bunker fuel availability has been steady in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban ($32/mt), Gibraltar ($8/mt) and Rotterdam ($7/mt)**
- **LSMGO prices up in Gibraltar ($5/mt) and Durban ($2/mt), and down in Rotterdam ($3/mt)**
- **HSFO prices up in Gibraltar ($8/mt) and Rotterdam ($3/mt)**

Most bunker benchmarks in European and African ports have gained for a third consecutive day. But Rotterdam's LSMGO price has moved counter to the general market direction by dropping slightly in the past day. A lower-priced 50-150 mt LSMGO stem fixed in the past day has contributed to drag the port's benchmark lower.

The front-month ICE-low-sulphur gasoil contract has gained by steeper $14/mt in the past day. It has moved up from rare parity levels to Rotterdam's LSMGO price yesterday, to a premium of $17/mt now.

Gibraltar's HSFO price rise has outpaced that in Rotterdam. This has widened its premium over Rotterdam's by $5/mt, to $32/mt now. Regardless of this Rotterdam's HSFO has moved above $500/mt, and to its highest level since last September.

Meanwhile, HSFO availability has improved in Gibraltar, with lead times dropping from last week's seven days to five days now. Recommended lead times for VLSFO and LSMGO remain unchanged at 3-5 days. Product availability is said to be normal for all three grades, a source says.

Minimal congestion has been reported in Gibraltar today, while three suppliers are running behind schedule in Algeciras, according to port agent MH Bland.

Brent

The front-month ICE Brent contract has increased by $0.65/bbl on the day, to $83.22/bbl at 09.00 GMT.

Upward pressure:

Brent drew upward support from recent government data on Saudi Arabia's oil exports, which showed a 40% decline in May, according to a Reuters report.

Oil investors are now waiting to see if Saudi Arabia and Russia will extend voluntary production cuts into September. Brent futures gained upward momentum and surpassed the $80/bbl mark after Saudi Arabia and Russia announced reductions in oil exports, earlier this month.

OPEC+ oil producers "will need to manage expectations and be careful on how they go about unwinding this cut," ING'S head of commodities strategies Warren Patterson said.

Additionally, Brent futures drew support from the International Monetary Fund's (IMF) report released on Tuesday. The IMF raised its world gross domestic product (GDP) forecast from 2.8% to 3% for 2023 and 2024.

"The outlook for global growth is the key for the crude demand outlook and right now it seems that might only get better as we get more stimulus out of China and as soft-landing hopes grow for the US," said OANDA'S market analyst Ed Moya.

Downward pressure:

Brent felt some downward pressure after data released by the American Petroleum Institute (API) showed a build in US crude inventories, Reuters reports. The US crude stocks rose by about 1.32 million bbls last week, the report said citing API figures.

Moreover, oil investors are expecting a 25 basis-point interest rate hike by the US Federal Reserve (Fed) later today. This could be the last hike cycle, commented SPI Asset Management's analyst Stephen Innes.

"However, any signal from the Fed that they have more to do will likely put some downward pressure on risk assets, including oil," he added.

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