

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

01/08/2023

Regional bunker benchmarks have moved in mixed directions, and all port operations have been suspended in Gibraltar amid an oil spill incident in the bay.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$5/mt), and down in Durban (\$31/mt) and Gibraltar (\$2/mt)**
- **LSMGO prices up in Gibraltar (\$11/mt) and Rotterdam (\$6/mt), and down in Durban (\$45/mt)**
- **HSFO prices up in Rotterdam (\$10/mt), and down in Gibraltar (\$3/mt)**

Bunker benchmarks in European and African ports have moved in mixed directions in the past day. Rotterdam's HSFO price has gained in the past day, while the grade's price in Gibraltar has dropped slightly. The diverging price moves have halved Rotterdam's HSFO discount to Gibraltar's from \$25/mt yesterday, to \$12/mt now.

These discounts recently peaked to nearly \$50/mt in mid-July but have diminished since then, partly because HSFO supply has improved in Gibraltar.

All port operations, including bunkering and vessel movements have been suspended in Gibraltar from 8.45 local time (6.45 GMT) today due to an oil spill incident in the bay.

"The Captain of the Port has suspended operations at Gibraltar Port this morning following an oil spill incident in the bay" according to the latest notification from the Gibraltar Port Authority.

The oil-spill clean-up operations could take up a substantial amount of time, it adds. "There is no timeline when normal operations can resume in the port" port agent MH Bland tells ENGINE citing information received from the port office.

Meanwhile, VLSFO and LSMGO availability is good in Ceuta port. One supplier can deliver both grades for very prompt delivery dates (0-2 days) there.

Brent

The front-month ICE Brent contract has moved up by \$0.25/bbl on the day, to \$85.24/bbl at 09.00 GMT.

Upward pressure:

Brent continued its upward movement following recent comments from the US Federal Reserve chairman Jerome Powell. Powell said that the US economy can achieve a “soft landing” in 2023, Reuters reports.

“The increased possibility of a US soft landing also supports oil’s bullish thesis,” said SPI Asset Management’s analyst Stephen Innes.

Meanwhile, oil traders expect Saudi Arabia to extend its voluntary output cut of 1 million b/d into September, when the Organization of the Petroleum Exporting Countries (OPEC) and its allies (OPEC+) hold their monthly joint ministerial monitoring committee meeting on 4 August.

“Crude prices are finishing a solid month on a high note as demand prospects remain impressive and no one doubts that OPEC+ will keep this market tight,” said Ed Moya, OANDA’s market analyst.

Downward pressure:

China’s Politburo, the highest state planner of the Communist Party, released additional policy guidelines to improve the country’s economic activities at a press conference on Monday. However, the Chinese officials did not announce any concrete measures or policies to support the country’s economic growth, according to a Reuters report.

Brent has felt some downward pressure in recent days due to concerns about the slow pace of economic recovery in China amid recurring COVID-19 outbreaks.

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