

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly gained, and congestion has eased in Gibraltar with the resumption of bunkering.

Changes on the day from Friday, to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$9/mt) and Gibraltar (\$6/mt), and down in Durban (\$21/mt)**
- **LSMGO prices up in Gibraltar (\$6/mt), and down in Durban (\$8/mt) and Rotterdam (\$1/mt)**
- **HSFO prices up in Rotterdam and Gibraltar (\$5/mt)**

Bunker benchmarks in most European and African ports have gained slightly over the weekend. But benchmarks in Durban have largely moved counter to the general market direction by dropping over the weekend.

Some lower-priced indications for Durban's VLSFO and LSMGO grades on Friday have contributed to drag the benchmarks lower.

Bunker operations at Gibraltar's Western anchorage resumed on Saturday after being suspended for nearly four days because of an oil spill incident, port agent MH Bland says.

The oil spill incident was reported on last Tuesday in the southern part of the Western anchorage. The spillage occurred when an LPG tanker vessel Gas Venus taking bunkers from bunker vessel Hercules 500 saw its tanks overflow, maritime analytics provider Marine Traffic said.

Suspension of bunkering at the port's Western anchorage led to an increase in congestion last week. But the congestion has eased now, with three vessels currently waiting for bunker there, down from eight on Friday, and much lower than the peak of 12 last Tuesday, port agent MH Bland says.

Brent

The front-month ICE Brent contract has gained \$0.18/bbl on the day from Friday, to \$85.62/bbl at 09.00 GMT.

Upward pressure:

Brent gained upward momentum as extended crude oil production cuts announced by Saudi Arabia and Russia last week raised concerns about tight supply in oil markets.

Russia's crude seaborne exports in July saw a "significant drop", commented SPI Asset Management's analyst Stephen Innes. "A particularly sizable slide in Russian exports to India [in July], hint's that OPEC+ coordination likely drives much of Russia's increased compliance, in tandem with the extra 1 million b/d Saudi cut in July," he added in a note.

Brent also drew support from the US Federal Reserve chairman Jerome Powell's recent comments. Powell said that a probable "soft landing" in the US economy could be achieved soon, hinting at a pause in interest rate hikes and easing worries about a sluggish oil demand growth in the world's largest crude importer.

Downward pressure:

Concerns about a slow pace of economic growth in China amid recurring COVID-19 outbreaks has been weighing down on Brent futures. Oil investors are waiting for some concrete steps to boost demand growth in China after the Communist Party Politburo pledged to accelerate growth in the country's 10 economic sectors that are currently struggling with COVID-19 outbreaks.

"Indeed, this [China's steps to boost growth] is crucial for the outlook, as China is the main engine of oil demand growth, making up 60% of this year's expected global increment," Innes said.

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