

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker benchmarks in Rotterdam and Gibraltar have gained, and bunkering has been suspended in Algoa Bay amid rough weather conditions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$9/mt) and Gibraltar (\$4/mt), and down in Durban (\$6/mt)**
- **LSMGO prices up in Rotterdam (\$14/mt) and Gibraltar (\$13/mt), and down in Durban (\$35/mt)**
- **HSFO prices up in Rotterdam (\$8/mt) and Gibraltar (\$7/mt)**

Rotterdam's HSFO price has gained by a massive \$68/mt over the past week, while Gibraltar's HSFO price has increased by a modest \$30/mt. A steep rise in Rotterdam's HSFO price has erased its last week's \$18/mt discount to Gibraltar, and flipped to a rare premium of \$20/mt now.

Tighter HSFO availability in Rotterdam has primarily contributed to lift the port's benchmark to an unusual premium over Gibraltar's HSFO. Meanwhile, the availability of the grade is relatively better in Gibraltar, a source says.

VLSFO and LSMGO availability is also said to be normal across Gibraltar, Algeciras and Ceuta. Lead times of 4-6 days are recommended for both grades. One tanker unloaded 213,400 bbls (31,850 mt) of VLSFO cargo at Algeciras port earlier this week, according to cargo tracker Vortexa. The arrival of new cargo could further boost the availability of VLSFO there.

A bit of congestion has built in Gibraltar today, while no backlogs have been reported in Algeciras and Ceuta. Eight vessels are currently waiting to bunker in Gibraltar.

Bunker operations have been suspended in Algoa Bay today due to adverse weather conditions, according to Rennies Ships Agency. Waves ranging up to three meters have hit the bay. Seven vessels are currently waiting to bunker at anchorage, Rennies says.

Brent

The front-month ICE Brent contract has moved up by \$1.26/bbl on the day, to \$87.86/bbl at 09.00 GMT.

Upward pressure:

Brent has gained amid concerns over supply disruptions from Russia. Tension between Russia and Ukraine in the Black Sea region has prompted fears of damage to Russian oil shipments.

Ukrainian President Volodymyr Zelenskiy said on Tuesday that Ukraine would be resilient against Russia in the Black Sea region to make sure that its waters were not blockaded, Reuters reported.

“If Russia continues to dominate the Black Sea, outside its territory, blockading or firing at us again, launching missiles at our ports, Ukraine will do the same. This is a just defense of our opportunities, of any corridor,” Reuters quoted Zelenskiy as saying.

Brent’s gain was, “inspired by threats by Ukraine to respond to Russia’s port attacks putting risk not only to global grain supplies but also Russian oil exports,” commented Price Futures Group’s senior market analyst Phil Flynn.

Downward pressure:

US crude inventories increased by 5.9 million barrels in the week that ended 4 August to 445.6 million barrels, according to the US Energy Information Administration (EIA).

“The EIA report was not all bullish as US production rose to the highest levels since March 2020 and crude exports fell to the weakest levels in four weeks,” said OANDA’s market analyst Ed Moya.

Oil traders are now waiting for fresh cues from July Consumer Price Index (CPI) data from the US, which could help to understand the US Federal Reserve's (Fed) future course of action on interest rates.

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