

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Most regional bunker benchmarks have increased with Brent, and prompt HSFO supply remains tight in the ARA hub.

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

- **VLSFO prices up in Durban (\$24/mt), Rotterdam (\$16/mt) and Gibraltar (\$13/mt)**
- **LSMGO prices up in Durban (\$24/mt), Gibraltar (\$22/mt) and Rotterdam (\$10/mt)**
- **HSFO prices up in Gibraltar (\$4/mt), and down in Rotterdam (\$6/mt)**

Bunker prices in most European and African ports have increased over the weekend. But Rotterdam's HSFO price has moved counter to the general market direction and dropped by \$6/mt. One lower-priced non-prompt HSFO stem fixed in Rotterdam has contributed to drag the grade's price lower over the weekend.

Meanwhile, Rotterdam's VLSFO price has increased by \$16/mt to widen its Hi5 spread from \$38/mt last week, to \$60/mt now.

Prompt supply of HSFO is still tight in Rotterdam and in the wider ARA hub, a source says. Lead times of 5-7 days are recommended to ensure full coverage from all suppliers, the source adds. Availability of VLSFO and LSMGO is said to be normal in the ARA.

Bunker fuels supply is normal in Gibraltar. Minimal congestion has been reported in Gibraltar and Algeciras today, according to port agent MH Bland. Slight delays are expected for bunker deliveries at anchorage in Ceuta, where one supplier is running 2-4 hours behind schedule. Eight vessels are scheduled to arrive for bunkers in Ceuta today, Jose Salama & Co. says.

In South Africa, bunkering has resumed in Port Elizabeth today after being suspended since Wednesday. However, bunker operations are still suspended at the Algoa Bay anchorage due to rough weather conditions, Rennie's Ships Agency says. Two vessels are currently receiving bunkers in Port Elizabeth, while one vessel is waiting at the anchorage.

Brent

The front-month ICE Brent contract has gained \$1.04/bbl on the day from Friday, to trade at \$85.20/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained upward momentum due to concerns about tight global supply amid a slowdown in exports from Saudi Arabia and Russia. Earlier this month, both countries pledged to extend their supply cuts into September.

Saudi Arabia pledged to extend its voluntary production cuts of 1 million b/d into September, while Russia announced to slash its output by 300,000 b/d. Several market analysts expect oil exports from OPEC+ to come down this month.

Downward pressure:

Growing concerns about more interest rate hikes by the US Federal Reserve (Fed) kept a lid on the Brent price's gain. Higher interest rates make the greenback stronger against other currencies, which in turn could dampen demand growth for dollar-denominated commodities like crude oil.

Fed officials are expected to discuss inflation and deliver necessary policy changes at the next Federal Open Market Committee (FOMC) meeting on 19 and 20 September.

"Fed Chair [Jerome] Powell's speech will reiterate that more rate hikes might be needed and that rates should stay higher for longer," OANDA's senior market analyst Ed Moya said.

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