

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have declined with Brent, and Rotterdam's VLSFO discount to Gibraltar has widened further.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Rotterdam (\$14/mt), Durban (\$12/mt) and Gibraltar (\$1/mt)**
- **LSMGO prices down in Durban (\$66/mt), Gibraltar (\$27/mt) and Rotterdam (\$18/mt)**
- **HSFO prices down in Gibraltar (\$5/mt) and Rotterdam (\$4/mt)**

Bunker benchmarks in major European and African ports have declined in the past day, tracking Brent's downward pull. But the LSMGO price decline in Durban has been greater than that of other regional ports. The grade has been indicated in a wide \$62/mt range in the past day, with indications at the lower end of the range contributing to pull the port's benchmark lower.

Rotterdam's VLSFO price drop has outpaced that of its HSFO. The price move has narrowed the port's Hi5 spread by \$10/mt, to \$50/mt now. At \$50/mt, the port's Hi5 spread is narrower than spreads of \$62/mt in Gibraltar and \$80/mt in Singapore.

Meanwhile, Rotterdam's VLSFO discount to Gibraltar has doubled to \$24/mt now, as Gibraltar's VLSFO price has logged a marginal price drop in the past day. Gibraltar's VLSFO has been indicated in a \$8/mt range in the past day, with indications at the higher end of the range helping the grade to resist Brent's downward pull.

Securing LSMGO stems for very prompt dates (0-2 days) can be difficult in Amsterdam and in the wider ARA hub, a source says. Lead times of up to four days are recommended to ensure full coverage from suppliers in the ARA hub.

Brent

The front-month ICE Brent contract has lost \$1.00/bbl on the day, to trade at \$84.20/bbl at 09.00 GMT.

Upward pressure:

Brent futures continued to gain support amid concerns over supply tightening.

“Oil prices should remain supported going forward as OPEC+ remains committed to keeping the market tight and as the Russia – Ukraine war could threaten Russian crude exports,” said OANDA’s senior market analyst Ed Moya.

Moreover, travel during the summer season is expected to boost oil demand in the US.

News reports that the US is refilling its strategic petroleum reserve (SPR) amid a steady rise in the country’s oil demand also supported Brent futures, Ed Moya said.

“The SPR should be poised to receive another 2 million bbls before the end of summer,” he added in a note. US crude oil stocks in the SPR were at 346 million bbls as of 31 July.

Downward pressure:

Brent shed previous gains as concerns about the global tight supply eased after Reuters reported that Iraq’s oil minister Hayan Abdel-Ghani is expected to discuss the resumption of Iraqi oil exports with his counterpart in Turkey.

Abdel-Ghani arrived in Turkey on Monday, Reuters reported.

Speculations that Iraq will now resume its oil supply through the Ceyhan oil terminal in Turkey weighed down Brent futures.

Turkey suspended Iraq’s crude oil exports of 450,000 b/d through the Iraq-Turkey pipeline in northern Iraq on 25 March after an arbitration ruling by the International Chamber of Commerce (ICC).

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