

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Most bunker benchmarks in European and African ports have increased some, and the ARA hub grapples with product loading delays at oil terminals.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$5/mt) and Rotterdam (\$3/mt), and down in Gibraltar (\$1/mt)**
- **LSMGO prices up in Durban (\$29/mt), Rotterdam and Gibraltar (\$2/mt)**
- **HSFO prices up in Rotterdam (\$5/mt) and Gibraltar (\$3/mt)**

Most regional bunker benchmarks have seen marginal gains in the past day. LSMGO prices in Rotterdam and Gibraltar have increased by a modest \$2/mt in the past day, while the grade's price in Durban has gained by \$29/mt. A higher-priced indication has added more upward pressure to the port's LSMGO benchmark.

In the ARA hub, product loading delays of around 1-3 days still persist at oil terminals, two sources say. As a result, LSMGO supply pressure is building in the ARA, and some suppliers are holding back on offers for very prompt delivery dates (0-2 days).

Meanwhile, HSFO availability in the ARA has shown signs of improvement, a source claims. Rotterdam's HSFO discount to Gibraltar has been trading steadily around \$20/mt for the past two days. The port's HSFO price was at an unusual premium of nearly \$12/mt over Gibraltar earlier this month. However, these premiums have eroded and flipped to discounts now.

Overall bunker demand in the ARA has been good so far this week, a source says.

Minimum congestion has been reported in Gibraltar and Algeciras today, port agent MH Bland says. One supplier is experiencing delays of 2-4 hours in Gibraltar, it added.

Brent

The front-month ICE Brent contract has inched lower by \$0.25/bbl on the day, to trade at \$83.34/bbl at 09.00 GMT.

Upward pressure:

Brent futures continued to draw support from the supply cuts announced by Saudi Arabia-led oil-producer group OPEC+. Earlier this month, Saudi Arabia and Russia announced an extension of their voluntary production cuts into September.

“Saudi Arabia is so confident in the global demand outlook that they took steps of not only extending its lollipop 1.0 million barrel a day production cut [to include September] but also raised its selling price for its oil to Europe,” said Price Futures Group’s senior market analyst Phil Flynn.

“The cut could be extended or extended and deepened depending I guess, on their mood” he added in a note.

Downward pressure:

Downward pressures acting on the Brent price include easing of concerns about tight global supply.

Iran’s crude oil output will increase to 3.4 million b/d by the end of September from the current production level of 3.3 million b/d, the country's state media agency IRNA reported quoting Iran's oil minister Javad Owji as saying.

Additionally, the US government is drafting a proposal to ease sanctions on Venezuelan oil exports, allowing more US companies to buy crude from Venezuela, Reuters reported.

“Oil also sold off on hopes of a positive conclusion of talks between Iraq and Turkey to discuss several issues including the resumption of oil exports through the Ceyhan pipeline in the Turkish Mediterranean,” added Phil Flynn.

By Nithin Chandran and Aparupa Mazumder

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