

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker prices have moved in mixed directions, and Gibraltar's Hi5 spread has shrunk to \$41/mt.

Changes on the day to 09.00 GMT today:

- **VLSFO prices unchanged in Rotterdam, and down in Gibraltar (\$4/mt) and Durban (\$1/mt)**
- **LSMGO prices up in Durban (\$24/mt) and Rotterdam (\$17/mt), and unchanged in Gibraltar**
- **HSFO prices up in Gibraltar (\$4/mt) and Rotterdam (\$3/mt)**

Bunker benchmarks in European and African ports have moved in mixed directions for the second consecutive day. LSMGO prices in Durban and Rotterdam have gained in the past day, while the grade's price in Gibraltar has been steady. A lower-priced LSMGO indication in Gibraltar in the past day supported the benchmark's resistance against rising Brent values.

Meanwhile, two LSMGO stems have been fixed in a wide range of \$17/mt in Rotterdam in the past day. Of which, one higher-priced 50-150 mt very prompt delivery stem (0-3 days) supported the benchmark's upward thrust.

Gibraltar's HSFO price has gained some in the past day, while its VLSFO edged lower. The diverging price moves have narrowed the port's Hi5 spread by \$8/mt to \$41/mt. At \$41/mt, Gibraltar's Hi5 spread is slightly narrower than the spread of \$47/mt in Rotterdam. However, the Hi5 spreads in both European bunker ports are far off than spreads of \$100/mt in Singapore, and \$112/mt in Fujairah.

In Ceuta, bunkering is taking place as usual. Seven vessels are scheduled to arrive to receive bunkers in Ceuta today, down from 11 yesterday, according to shipping agent Jose Salama & Co. Meanwhile, minimum congestion has been reported in Gibraltar and Algeciras today, port agent MH Bland says.

Brent

The front-month ICE Brent has gained by \$0.11/bbl on the day, to trade at \$84.82/bbl at 09.00 GMT.

Upward pressure:

Energy-focused investment research firm HFI Research has projected higher oil prices in the near future.

“The oil market deficit is here. Storage draws over the coming weeks will be profoundly eye-opening,” HFI Research has explained, and “Iran is already back on the market leaving no supply-side surprise.” In addition, “global oil demand, while not as strong as we would like, continues to improve and has not disappointed to the downside.”

Oil market sentiment could be bolstered by rising jet fuel demand in China, according to ANZ commodity strategist Daniel Hynes.

“China’s weekly flights have surged 13% above pre-COVID levels in the week ending 20 August. International travel is picking up, with bookings for overseas group tours during the National Day holiday in October more than tripled a month ago,” Hynes has written in a social media post.

Downward pressure:

A sharp rise in Brent futures has been restricted by the possibility of additional crude oil supplies from Venezuela, Iran, and Iraq.

“Recent shifts in the supply landscape underscore a less optimistic perspective on the trajectory of crude oil prices. Despite certain positive aspects, significant challenges and uncertainties persist,” said Stephen Innes, managing partner at SPI Asset Management.

Brent is also facing headwinds due to concerns about economic uncertainty in China and recent statements from the US and European central bankers, who supported higher borrowing rates to tackle inflation.

Investment bank Nomura has lowered its projection for China’s GDP growth and inflation amid growing risk of a “double dip” in the country’s economy, and “Beijing’s tepid response to date,” Nomura’s chief China economist, Ting Lu wrote in a research note.

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