

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and offshore bunkering in Algoa Bay remains disrupted.

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

- **VLSFO prices up in Gibraltar (\$3/mt) and Rotterdam (\$2/mt), and down in Durban (\$3/mt)**
- **LSMGO prices up in Rotterdam and Gibraltar (\$19/mt), and down in Durban (\$19/mt)**
- **HSFO prices up in Gibraltar (\$2/mt), and down in Rotterdam (\$9/mt)**

Bunker benchmarks in key European and African ports have moved in mixed directions over the weekend. LSMGO gains in Gibraltar and Rotterdam have been more pronounced than for other grades, partly supported by some higher-priced indications.

The front-month ICE Low Sulphur Gasoil contract was trading around \$979/mt this morning, slightly lower than Friday's settlement price. The ICE Gasoil premium over Rotterdam's LSMGO stands at \$7/mt, flipping from a \$28/mt discount last week.

Rotterdam's HSFO price has declined by \$9/mt over the weekend, while Gibraltar's HSFO price has edged slightly higher. The diverging price moves have widened Rotterdam's HSFO discount to Gibraltar from \$42/mt on Friday, to \$53/mt now.

HSFO availability remains tight in Gibraltar, where two suppliers are running low on stocks. One supplier has a decent amount of supply, but has been quoting prices unusually high for prompt delivery dates. The grade's price was indicated at around \$630/mt on Friday. With upward pressure on HSFO, the port's Hi5 spread has kept narrow at around \$20/mt today.

Offshore bunkering in Algoa Bay has been on hold after the South African Revenue Service (SARS) recently detained bunker barges due to a custom duty disagreement with bunker suppliers in the bay. This has caused severe challenges for ships seeking bunkers there.

Bunkering is currently available in Cape Town and Durban, ship agent Sturrock Grindrod says.

Brent

The front-month ICE Brent contract has moved up \$0.18/bbl on the day from Friday, to trade at \$93.86/bbl at 09.00 GMT.

Upward pressure:

The market has looked past last week's US interest rate freeze and reshifted its focus back to tight supply. Russia's temporary ban on road fuel exports has continued to help Brent futures move upward.

"The oil market has held relatively steady in recent days with tightness in the physical market coupled with Russia's recent export ban on diesel and gasoline," said analysts at ING.

"Russia yielded its energy weapon by banning exports of diesel and gasoline in a market that is short of both," said the Price Futures Group's senior market analyst Phil Flynn.

Downward pressure:

The surge in oil prices has contributed to an "uptick in headline inflation," said SPI Asset Management's managing partner Stephen Innes. This is "raising concerns about the impact on consumers and the [US] Federal Reserve's [Fed] next actions," he added

Even though the US Fed kept its interest rates unchanged in the latest the US Federal Open Market Committee (FOMC) meeting, market analysts expect this "hawkish" pause in the hiking cycle to keep the window open for future rate hikes.

Higher interest rates can put further downward pressure on Brent as it affects consumer spending and fuel demand. disrupted.

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