

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and LSMGO availability is tight for very prompt delivery dates in the ARA.

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

- **VLSFO prices up in Rotterdam (\$2/mt) and Gibraltar (\$1/mt), and down in Durban (\$8/mt)**
- **LSMGO prices up in Rotterdam (\$21/mt) and Gibraltar (\$16/mt), and down in Durban (\$33/mt)**
- **HSFO prices down in Rotterdam (\$3/mt) and Gibraltar (\$2/mt)**

Bunker benchmarks in European and African ports have moved in mixed directions. Durban's LSMGO price has made a sizeable decline over the weekend, with downward pressure from a lower-priced indication on Friday.

Meanwhile, LSMGO prices in Rotterdam and Gibraltar have gained, helped by some higher-priced indications and stems fixed on Friday. LSMGO availability is normal in Gibraltar. However, securing the grade for very prompt dates (0-2 days) can be slightly difficult in Rotterdam and in the wider ARA hub, a source says.

Rotterdam's Hi5 spread has been trading around \$50/mt since last week, significantly wider than a record-low level of \$23/mt seen in the middle of this month. The widening of the spread could be because of improved HSFO supply in the port.

Minimum congestion has been reported in Gibraltar and Algeciras today morning, port agent MH Bland says. In Ceuta, bunkering is taking place as usual despite strong westerly winds, according to shipping agent Jose Salama & Co. No backlog has been reported in Ceuta, where 11 vessels are scheduled to arrive for bunkers today, up from five yesterday.

## **Brent**

The front-month ICE Brent has gained by \$0.33/bbl on the day from Friday, to trade at \$84.71/bbl at 09.00 GMT.

### **Upward pressure:**

Eric Nuttall, oil market investor and partner at Ninepoint Partners, has said that the US is turning a blind eye towards enforcement of sanctions on Iran to lower oil prices before the next election. However, global crude oil inventories are still expected to end 2023 at an “8+ year low, supportive of a HIGHER oil price,” he wrote in a recent social media post.

Turkish and Iraqi officials are reportedly discussing resuming oil supply from Iraq's Kurdistan-operated northern oil fields. However, neither side has provided an update on the negotiations, and they appear to be stalled.

### **Downward pressure:**

US Federal Reserve (Fed) chair Jerome Powell and European Central Bank (ECB) president Christine Lagarde held hawkish views at the Jackson Hole summit in Wyoming that left little room for debate. They pledged to keep interest rates as high as possible for as long as it takes to keep inflation below the 2% target in the US and in the Eurozone.

Higher interest rates discourage borrowing and spending, which leads to a decline in economic activity and fuel demand.

Prospects of easing supply constraints could cap Brent's gains.

White House officials are drafting a proposal to relax sanctions on Venezuela's oil sector, according to Reuters. The easing of sanctions would make it easier for foreign buyers to access Venezuelan oil and flood the market with excess supply. Venezuela produced around 844,000 b/d of oil in July and 2.9 million b/d during its peak production in 2015.

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