

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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VLSFO and LSMGO benchmarks have gained in European and African ports, and Gibraltar's Hi5 spread continues to linger around \$10/mt.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$8/mt), Rotterdam (\$7/mt) and Gibraltar (\$3/mt)**
- **LSMGO prices up in Durban (\$53/mt), Rotterdam (\$30/mt) and Gibraltar (\$24/mt)**
- **HSFO prices down in Gibraltar (\$3/mt) and Rotterdam (\$2/mt)**

VLSFO and LSMGO prices in major European and African ports have gained in the past day. But LSMGO price gains have been greater compared to VLSFO, despite ICE Low-Sulphur Gasoil October contract trading almost steady in the past day.

In contrast, HSFO prices in Gibraltar and Rotterdam have edged slightly lower in the past day. This has widened the Hi5 spread in Rotterdam from \$28/mt yesterday to \$37/mt now, and in Gibraltar from a record-low of \$4/mt yesterday, to \$10/mt now.

Gibraltar's Hi5 spread has been trading around \$3-10/mt since Friday. HSFO availability has been tight in the port and in the ARA bunkering hub. The tightness in supply has resulted in unusually high prices for HSFO compared to low-sulphur grades in both regions. Some traders are quoting HSFO around \$610/mt in Gibraltar, which has contributed to narrow its Hi5 spread to low levels.

Minimal congestion has been reported in Gibraltar, where three vessels are waiting for bunkers today, port agent MH Bland says. One supplier is experiencing delays of 4-6 hours there.

LSMGO availability remains tight across the South African ports of Durban, Cape Town and Richards Bay, a source says.

## **Brent**

The front-month ICE Brent contract has moved up \$0.91/bbl on the day, to trade at \$91.16/bbl at 09.00 GMT.

### **Upward pressure:**

Brent crude futures remain well-supported amid tight supply in the global market. The front-month ICE Brent contract rose above the \$90/bbl mark earlier this month, after Saudi Arabia and Russia announced extended supply cuts through the end of this year.

The total supply cut pledged by Saudi Arabia and Russia until December 2023 sums up to about 1.3 million b/d

The supply cuts have pushed oil prices higher, said the Price Futures Group's senior market analyst Phil Flynn. Moreover, "we should see more crude draws this week [in the US], he said.

### **Downward pressure:**

Brent futures face some downward pressure amid fears of more interest rate hikes this year by the US Federal Reserve (Fed) and other central banks

Analysts have said that Brent's gains will be capped if Fed officials decide to have another round of interest rate hike when they meet in November.

Additionally, the European Central Bank (ECB) is expected to decide on interest rate hike later this week.

*By Nithin Chandran and Aparupa Mazumder*

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