

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and HSFO availability is very tight in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$6/mt) and Rotterdam (\$1/mt), and down in Durban (\$6/mt)**
- **LSMGO prices up in Gibraltar (\$5/mt), and down in Durban (\$44/mt) and Rotterdam (\$1/mt)**
- **HSFO prices up in Rotterdam (\$7/mt) and Gibraltar (\$3/mt)**

VLSFO benchmarks in Rotterdam and Gibraltar have gained for the third consecutive day. Gibraltar's VLSFO price gain has outpaced that of Rotterdam, to widen its premium over Rotterdam's VLSFO from \$17/mt yesterday, to \$22/mt now.

Rotterdam's HSFO price is currently trading around \$595/mt. However, some traders peg the port's benchmark higher with indications ranging around \$600-610/mt. Rotterdam's HSFO price has climbed from \$550/mt at the beginning of this month, to multi-month highs now.

HSFO availability is very tight in Gibraltar. One supplier is running low on stock, adding pressure to others' supply there, a source says. The grade has been indicated in a wide \$25/mt range today. Minimum congestion has been reported in Gibraltar today, according to port agent MH Bland. One supplier is experiencing delays of 4-6 hours there.

VLSFO and LSMGO prompt availability is tight off Malta and Piraeus, a source says.

## **Brent**

The front-month ICE Brent contract has inched down \$0.05/bbl on the day, to trade at \$92.55/bbl at 09.00 GMT.

### **Upward pressure:**

Saudi Arabia and Russia's decision to extend supply cuts through the end of 2023 have helped Brent futures to gain this week.

"As long as OPEC+ is committed to export and production curtailments, oil prices will remain firm during the current levels of record demand," said SPI Asset Management's managing partner Stephen Innes.

Recent surge in oil prices also suggests that "the latest efforts of Saudi Arabia and Russia are working in tightening the markets and boosting prices after multiple failed efforts," said OANDA's market analyst Craig Erlam.

Additionally, the International Energy Agency (IEA) has forecast global oil demand to grow by 2.20 million b/d to 101.8 million b/d in 2023 due to strong consumption in China, and higher jet fuel demand.

### **Downward pressure:**

Downward pressures acting on Brent futures today include news that Libya has resumed oil supply from its four major ports, which were closed since Saturday after being hit by floods due to Hurricane Daniell

The four ports situated in Eastern Libya resumed operations on Wednesday, Reuters reported, citing port agent Al Omran International Maritime Agencies.

Moreover, US core inflation rose 8 basis-points above the market consensus in August, Innes said. A higher-than-expected inflation reading has triggered concerns about yet another interest rate hike by the US Federal Reserve (Fed).

"The CPI (Consumer Price Index) report adds some uncertainty about its [Fed's] November decision, especially with OPEC+ leaders possibly targeting Brent prices very much at the upper end of or slightly above, the \$80-100/bbl range," Innes said.

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