ENGINE: Europe & Africa Bunker Fuel Market Update

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Rotterdam's LSMGO discount to Gibraltar has widened, and HSFO availability remains tight in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban ($36/mt), Gibraltar ($16/mt) and Rotterdam ($9/mt)**
- **LSMGO prices up in Durban ($27/mt) and Gibraltar ($11/mt), and down in Rotterdam ($16/mt)**
- **HSFO prices up in Rotterdam ($14/mt) and Gibraltar ($13/mt)**

Most bunker benchmarks in major European and African ports have gained in the past day, to reverse some of the losses from the previous session.

Rotterdam's HSFO price has moved down against the wider market direction. A prompt 150-500 mt LSMGO stem fixed at $910/mt yesterday has dragged the port's benchmark lower. The price drop has meant that its discount to Gibraltar's LSMGO has widened significantly from $47/mt yesterday, to $74/mt now.

LSMGO availability is normal in Rotterdam, and lead times of 1-3 days are recommended. VLSFO has been in ample supply in Rotterdam and in the wider ARA hub, two sources say. Lead times of 4-6 days are recommended for VLSFO.

Prompt VLSFO and LSMGO availability is tight in Ceuta. One in two suppliers is fully committed for the remaining days left in this month, and the supplier has its earliest delivery dates from 5 October, a source says.

One supplier is experiencing delays of 8-12 hours at the Ceuta anchorage, according to port agent MH Bland.

Gibraltar's HSFO price has shot up by $27/mt in the past week, while Las Palmas' HSFO price has shed $5/mt. The diverging price moves have nearly erased Gibraltar's $36/mt discount to Las Palmas. HSFO availability remains tight in Gibraltar. Lead times of 6-8 days are recommended for the grade, up from 4-6 days last week.

Brent

The front-month ICE Brent contract has gained $2.49/bbl on the day, to trade at $94.77/bbl at 09.00 GMT.

Upward pressure:

Brent has reversed losses from earlier this week as production cuts by the top OPEC+ producers Saudi Arabia and Russia have come back to the centre of attention.

“The global undersupply of oil should show up again in this week’s inventory data,” said Price Futures Group’s senior market analyst Phil Flynn.

OPEC+ supply cuts have contributed to limit global supply of medium-sour and heavy-sour crude oils and increased their prices globally, the US Energy Information Agency (EIA) recently said in a report.

Additionally, tension around China’s deteriorating economy have eased some after the People’s Bank of China (PBoC) vowed to support the country’s economy at the third-quarter Monetary Policy Committee (MPC) meeting held earlier this week.

This news has helped oil traders gain confidence in China's demand growth projections and put upward pressure on Brent futures. “Regardless of what you hear about the Chinese economy, their [China’s] oil demand and their refinery runs are still near record highs,” Flynn added.

Downward pressure:

Commercial US crude inventories rose by 1.59 million bbls in the week ending 22 September, according to an estimate by the American Petroleum Institute (API), cited by Trading Economics.

This week’s data “marked the second gain in US crude oil inventories in the last seven weeks,” reported Trading Economics. Oil market analysts expected a fall of 1.65 million bbls.

Meanwhile, Russian recently announced ban on gasoline and diesel exports has been moderated by Moscow. The country has now exempted higher-sulphur gasoil and bunker fuel sales from the ban, according to a government document released on Monday.

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