

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Most regional bunker benchmarks have gained with Brent values, and HSFO supply is very tight in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$19/mt), Gibraltar (\$16/mt), and down in Durban (\$3/mt)**
- **LSMGO prices up in Durban (\$125/mt), Rotterdam (\$23/mt) and Gibraltar (\$18/mt)**
- **HSFO prices up in Gibraltar (\$8/mt), and down in Rotterdam (\$1/mt)**

Gibraltar's HSFO price has increased in the past day and supply of the grade is said to be very tight for prompt delivery dates there. The port's benchmark has increased by \$26/mt since the start of this week amid tight supply.

The sharp increase in Gibraltar's HSFO price has widened its premium over Rotterdam from \$53/mt on Monday, to \$62/mt now. The product supply has been tight in Gibraltar since the start of the month. Two in three suppliers are almost out of stock, and expect replenishment cargoes to arrive by 6 October, a source says.

Minimal congestion has been reported in Gibraltar today, port agent MH Bland says.

Meanwhile, the HSFO price has decreased a bit in Rotterdam in the past day. HSFO availability is said to be normal in Rotterdam and in the wider ARA hub, a source says. Supply of VLSFO and LSMGO is also normal in Rotterdam, requiring lead times of 4-6 days and 1-3 days, respectively, sources say.

In South Africa's Durban, LSMGO price has increased sharply in the past day, backed by a higher-priced indication.

Availability of the grade is currently normal in the port, but may get tight amid bunkering disruption in Algoa Bay, a source says. South African authorities have detained all bunker barges in Algoa Bay, two port agents told ENGINE. This comes after the South African Revenue Service (SARS) detained five bunker barges in the bay over import duty disputes earlier this month. Offshore bunkering has come to a standstill in Algoa Bay, one of the agents said.

Brent

The front-month ICE Brent contract has gained \$1.99/bbl on the day, to trade at \$96.76/bbl at 09.00 GMT.

Upward pressure:

Tight supply in the global crude oil market continued to push Brent futures higher.

“Oil prices are back on the rise as a global supply shortfall is becoming more evident,” said Price Futures Group’s senior market analyst Phil Flynn.

Commercial US crude inventories fell by 2.17 million bbls on the week, to 416.29 million bbls on 22 September, the US Energy Information Administration (EIA) reported on Wednesday.

Moreover, production cuts by the top OPEC+ producers Saudi Arabia and Russia are making the oil market “extremely tight,” OANDA’s market analyst Craig Erlam said. These measures have “got people talking about \$100/bbl oil again,” he further added.

Downward pressure:

Meanwhile, Brent’s rally towards \$100/bbl mark might diminish due to demand worries and as oil analysts expect the US Federal Reserve (Fed) to hike interest rates in the coming months.

Central banks around the world remain committed to keeping inflation levels under control, according to analysts.

“[Oil] markets will be closely looking for any indication about what the Fed [officials] could do at their meetings later in the year,” said ING’s head of commodities strategy Warren Patterson.

More rate-hike cycles could increase the borrowing costs for non-dollar currency holders, which could dampen demand for dollar-denominated assets like crude oil.

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