

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Bunker prices across major European and African ports have declined with Brent.

Changes on the day from Friday to 09.00 GMT today:

- **VLSFO prices down in Gibraltar (\$17/mt), Rotterdam (\$16/mt) and Durban (\$5/mt)**
- **LSMGO prices down in Gibraltar (\$25/mt), Rotterdam (\$24/mt) and Durban (\$3/mt)**
- **HSFO prices down in Rotterdam (\$28/mt) and Gibraltar (\$19/mt)**

HSFO prices have continued to decline in Gibraltar and Rotterdam since Friday. The price drop in Rotterdam has been greater than Gibraltar's, to widen Gibraltar's HSFO premium over Rotterdam from \$51/mt on Friday to \$60/mt.

The high-sulphur grade's availability is still tight in Gibraltar. The earliest delivery date with one supplier in Gibraltar is 14 October, sources say. The availability is relatively better in Rotterdam and in the wider ARA hub. Lead times of 5 -7 days are advised for HSFO deliveries in Rotterdam to ensure full coverage from suppliers, a source says.

Slight congestion has been reported in Gibraltar, where one supplier is experiencing delays, port agent MH Bland says. One supplier is facing a slight delay at Algeciras port, MH Bland adds.

Rotterdam's HSFO price has come down since Friday. A lower-priced stem fixed in the port contributed to drag the port's benchmark lower. Another LSMGO stem of 150-500 mt was fixed at \$951/mt for prompt delivery in Rotterdam.

In Durban, VLSFO and LSMGO prices have come down slightly since Friday. Supply of the grade is said to be normal there, but supply is anticipated to become tight in the coming days because of bunkering disruption in Algoa Bay, a source says.

Brent

The front-month ICE Brent contract has shed \$2.49/bbl on the day from Friday, to trade at \$92.73/bbl at 09:00 GMT.

Upward pressure:

Brent futures have gained over 10% in September despite a slight decline in price from recent highs.

Money managers, such as energy-focussed hedge fund investors have 289,265 long positions in Brent futures, compared to 51,422 short positions as of 22 August, according to Commitments of Traders data released by the Commodity Futures Trading Commission. More long positions than short positions indicate that money managers expect Brent futures to rise in the near future.

Energy-focussed hedge fund investor, Eric Nuttall maintains a "bullish" outlook for oil prices. "Demand is at a record high, inventories are at a multi-year low and headed lower, and OPEC+ under the leadership of [Saudi energy minister Abdulaziz bin Salman Al Saud] HRH ABS is determined to provide stability to the oil price," says Nuttall.

A potential increase in international travel during China's Golden Week holiday further bodes well for Brent's price.

The Chinese Civil Aviation Administration expects to handle more than 21 million passenger trips during the Golden Week holiday period, state-owned media agency Xinhua has reported. Data from Trip.com shows that domestic tour bookings for the holiday period increased 400% over the previous year, Xinhua adds.

Downward pressure:

Sources indicate that the OPEC+ panel is unlikely to tweak oil policy at Wednesday's ministerial meeting, according to Reuters. National Australia Bank has also predicted an increase in Saudi Arabia's willingness to reduce voluntary output cuts, Reuters says.

"US senators and Western media have confirmed the increase in Iran's oil production and exports despite sanctions over the past two years," Iran's state-owned media agency IRNA reported citing Iranian Oil Minister Javad Owji.

Increasing Iranian oil supply on the international market could offset Saudi Arabia's and Russia's voluntary production cuts. This, in turn, will reduce crude oil shortages across the market and cool down Brent's price.

Turkish energy minister Alparslan Bayraktar has confirmed that Turkey will restart operations on the 470,000 b/d Ceyhan oil pipeline from Iraq, according to Reuters.

By Konica Bhatt

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