

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Rotterdam's Hi5 spread has widened, and demand has increased in Mozambique's ports due to the ongoing bunkering crisis in Algoa Bay.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$8/mt) and Gibraltar (\$2/mt), and down in Rotterdam (\$9/mt)**
- **LSMGO prices down in Rotterdam (\$34/mt), Gibraltar (\$14/mt) and Durban (\$2/mt)**
- **HSFO prices up in Gibraltar (\$4/mt), and down in Rotterdam (\$29/mt)**

Rotterdam's HSFO price has come down sharply in the past day. A lower-priced indication has dragged its benchmark lower. Meanwhile, the grade's price in Gibraltar has inched higher, to widen its premium over Rotterdam's HSFO from \$45/mt yesterday, to \$78/mt now.

HSFO availability is very tight in Gibraltar. Lead times of 10-15 days are recommended for the grade, up from 7-12 days last week. One supplier can supply the grade from 14 October, a source says.

Unlike its HSFO, Rotterdam's VLSFO price has made a modest price drop on the day, to widen its Hi5 spread to \$77/mt. At \$77/mt, the port's Hi5 spread is much wider than the spreads of \$19/mt in Gibraltar and \$24/mt in Las Palmas.

Bunker demand has increased in Mozambique's Nacala and Maputo ports because of the ongoing bunkering crisis in Algoa Bay. VLSFO and LSMGO availability is normal in both ports. However, barge availability has become tight in Maputo because of a spike in enquiries.

One bunker barge in Maputo is facing a busy delivery schedule, a source says.

Both onshore and offshore bunkering remains suspended in Algoa Bay after the South African Revenue Service (SARS) detained bunker barges over import duty disputes last month.

Brent

The front-month ICE Brent contract has inched lower by \$0.21/bbl on the day, to trade at \$90.50/bbl at 09.00 GMT.

Upward pressure:

Oil traders are looking out for fresh cues about market supply from the Joint Ministerial Monitoring Committee (JMMC) meeting convened by the members of the Organization of the Petroleum Exporting Countries and its allies (OPEC+).

Analysts expect OPEC+ producers to continue their oil production cuts to keep supplies tight in the global market.

Moreover, OPEC's secretary general Haitham Al Ghais told the BBC in an interview yesterday that global oil demand is expected to grow by around 2.4 million b/d in 2023.

Brent futures gained more support after the American Petroleum Institute (API) reported a drop in US crude oil stocks. US commercial crude inventories dropped by 4.21 million bbls in the week ended 29 September, according to the API data cited by Trading Economics.

Downward pressure:

The US Federal Reserve (Fed) chose to keep its interest rates unchanged at its latest meeting, but many market analysts believe that inflationary pressures could prompt the Fed to raise interest rates later this year.

US Fed officials will meet again in November to discuss monetary policy at the Federal Open Market Committee (FOMC) meeting

"To prevent them [US Fed] from implementing a rate hike on November 1 [FOMC meeting], there must be continued evidence that core inflation is easing," said SPI Asset Management's managing partner Stephen Innes.

Higher interest rates increase borrowing cost for non-dollar holders, thereby hampering demand for commodities like oil.

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