

# MARKET UPDATE EUROPE & AFRICA



## ENGINE: Europe & Africa Bunker Fuel Market Update

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Rotterdam's HSFO price is near two-month lows, and offshore bunkering remains suspended in Algoa Bay.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$10/mt), and down in Durban (\$6/mt) and Rotterdam (\$5/mt)**
- **LSMGO prices down in Rotterdam (\$38/mt), Durban (\$34/mt) and Gibraltar (\$9/mt)**
- **HSFO prices up in Gibraltar (\$3/mt), and down in Rotterdam (\$25/mt)**

Most bunker benchmarks in European and African ports have declined in the past day.

Gibraltar's HSFO and VLSFO prices have moved against the general market direction to increase some in the past day. HSFO was indicated in a wide \$22/mt range in the port yesterday, with indications at the higher end of the range supporting the benchmark.

Meanwhile, Rotterdam's HSFO price has come down sharply in the past day amid downward price pressure from lower-priced indications. The port's HSFO price is lingering close to \$490/mt – the lowest level since July-end. Its discount to Gibraltar's HSFO has widened by \$28/mt, to \$82/mt.

Rotterdam's Hi5 spread has doubled over the past week, from \$43/mt to \$86/mt now. At \$86/mt, the port's Hi5 spread is much wider than the spread of \$40/mt in Gibraltar.

Offshore bunkering remains suspended in Algoa Bay after authorities detained bunker barges last month, two port agents tell ENGINE. Some bunker buyers are still booking stems for offshore deliveries in late October, one of the port agents said. They anticipate that bunkering could resume by that time.

## **Brent**

The front-month ICE Brent contract has inched lower by \$0.72/bbl on the day, to trade at \$84.20/bbl at 09.00 GMT.

### **Upward pressure:**

Brent futures gained some support after OPEC+ producers announced they will continue output cuts until the end of this year. The group's top producers Saudi Arabia and Russia reaffirmed their pledges this week to extend voluntary supply cuts.

“A tight [oil] market for the rest of the year suggests that prices should remain well-supported for the remainder of 2023,” said ING bank’s head of commodities strategy Warren Patterson. The bank has kept its forecast for Brent price unchanged and expects it to average at \$92/bbl in the fourth quarter of the year.

### **Downward pressure:**

Concerns about global oil demand growth have capped Brent's rally this week. Oil market analysts believe that inflationary pressures could prompt the US Federal Reserve (Fed) to raise interest rates later this year. Fed officials are expected to discuss ways to curb inflation at the next Federal Open Market Committee (FOMC) meeting in November.

With more rate hike cycles seen in the future, demand for dollar-denominated commodities like oil is expected to take a hit, analysts said.

Moreover, Russia has partially lifted its ban on diesel exports. The country has permitted diesel exports through seaport pipelines for producers that “supply at least half of fuel they produce” to the domestic market, reported TASS.

Moreover, the supply deficit caused by OPEC+ production cuts has faced some retaliations. Earlier this week, India’s oil minister Hardeep Singh Puri urged OPEC to be sensitive towards consuming countries like India as crude oil prices exceeded \$95/bbl in September.

“OPEC+ will likely come under increased political pressure to bring more supply back into the market if prices move much higher,” Patterson said. “There are elections in two key oil-consuming nations next year – the US and India – and these governments will likely want to minimise any potential inflationary pressures,” he further added.

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