

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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HSFO availability in Gibraltar has improved with the arrival of replenishment cargoes, and VLSFO supply is tight in Mozambique.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$10/mt), Gibraltar (\$8/mt) and Rotterdam (\$3/mt)**
- **LSMGO prices unchanged in Rotterdam, and down in Durban (\$8/mt) and Gibraltar (\$2/mt)**
- **HSFO prices down in Rotterdam (\$8/mt) and Gibraltar (\$3/mt)**

Bunker benchmarks in most European and African ports have decreased some in the past day.

Rotterdam's LSMGO price has resisted Brent's downward pull and held steady in the past day. Two LSMGO stems were fixed in a \$15/mt price range yesterday. Of which, one prompt delivery 150-500 mt stem fixed at \$870/mt has supported the benchmark's resistance against the general market direction.

Meanwhile, two VLSFO stems were fixed in a \$9/mt price range in Rotterdam yesterday. VLSFO and LSMGO availability is said to be normal in Rotterdam and in the wider ARA hub. One supplier can supply both grades for prompt delivery dates, a source says.

HSFO availability has improved in Gibraltar after some suppliers received replenishment cargoes there. At least two suppliers in the port have sufficient stocks now, a source says. Recommended lead times for the grade have nearly halved from 10-15 days last week, to 6-8 days. One supplier can supply HSFO for very prompt dates (0-1 day).

Gibraltar's HSFO premium over Rotterdam has come down to \$69/mt from \$82/mt last Friday.

VLSFO availability is tight in Mozambique's Nacala and Maputo ports, a source says. One supplier in Maputo requires lead times of at least 10 days for the product delivery.

Brent

The front-month ICE Brent contract has lost \$0.92/bbl on the day, to trade at \$87.31/bbl at 09.00 GMT.

Upward pressure:

Brent futures remained well-supported amid growing tension between the government of Israel and Palestine-based Hamas militants.

Moreover, speculations about Iran's involvement in the Middle Eastern conflict have also sparked fears of a tighter crude oil supply in 2024 as that could trigger the US to impose stricter sanctions on Iranian oil.

"There is still a risk that this [conflict] escalates, particularly if there is any Iranian involvement," said analysts from ING bank. "Under this scenario, stronger enforcement of US sanctions on Iranian oil would tighten up the oil market through 2024," they further added.

Additionally, oil market analysts expect crude oil prices to remain elevated as OPEC+ top oil producers pledged to maintain production cuts until the end of 2023.

Downward pressure:

Brent lost the previous day's gains after Reuters reported that the US government is ready to ease sanctions on Venezuelan oil. The news eased concerns about the impending supply tightness in the global oil market.

Oil traders are now waiting for fresh cues about interest rate hike from the US Federal Reserve's meeting minutes that are scheduled to be released later today.

By Nithin Chandran and Aparupa Mazumder

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