

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and Gibraltar's HSFO premium over Rotterdam has narrowed further.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$5/mt) and Gibraltar (\$1/mt), and down in Rotterdam (\$5/mt)**
- **LSMGO prices up in Durban (\$6/mt), and down in Gibraltar (\$4/mt) and Rotterdam (\$2/mt)**
- **HSFO prices down in Gibraltar (\$21/mt) and Rotterdam (\$7/mt)**

Gibraltar's HSFO price has come down sharply in the past day. Availability of the high-sulphur grade has improved in the port after some suppliers received replenishment cargoes, a source says. Three suppliers were actively offering the grade yesterday for deliveries by 17 October.

One prompt delivery 500-1,500 mt stem fixed at \$566/mt yesterday contributed to drag Gibraltar's HSFO benchmark lower. Its premium over Rotterdam's HSFO has narrowed from \$69/mt in the past day to \$55/mt now.

Meanwhile, Gibraltar's VLSFO price has inched higher to nearly double its Hi5 spread to \$53/mt. At \$53/mt, the port's Hi5 spread is narrower than the spread of \$73/mt in Rotterdam.

VLSFO and LSMGO availability is normal in the Portuguese ports of Lisbon and Sines, a source says.

According to Wood Mackenzie data, the Galp refinery in Sines is set to undergo periodic maintenance between 15 October and 29 November. A supplier claims that bunker fuel availability in Portuguese ports is unlikely to be impacted by the refinery maintenance.

Brent

The front-month ICE Brent contract has shed \$0.63/bbl on the day, to trade at \$86.68/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained some upward support this week on reports that crude oil supply in the global market will remain tight this year.

The global oil market is expected to remain tight through the end of 2023 and in the first quarter of 2024, the US Energy Information Administration (EIA) said in its October short-term energy report.

The EIA has forecast global oil inventories to fall by 200,000 b/d in the remainder of the year due to the OPEC+ nations' pledge to continue supply cuts. The energy agency has forecast Brent spot price to average \$95/bbl in 2024, indicating an upward revision of \$7/bbl from its September outlook.

"We expect OPEC+ members will decrease their crude oil production by 0.3 million b/d [300,000 b/d] in 2024 compared with this year," the energy watchdog said.

Downward pressure:

Brent futures extended losses after the American Petroleum Institute (API) reported a surprise build in US crude stocks. US commercial crude inventories soared by 12.94 million bbls in the week ended 6 October, according to the API data cited by Trading Economics.

"Lower refinery run rates due to maintenance likely contributed to this [US inventory] build," said oil market analysts from ING Bank. The more widely followed EIA report will be released later today.

Meanwhile, Iran's supreme leader Ali Khamenei has denied any Iranian involvement in the attacks planted by Hamas on Israel. According to oil market analysts, the US may not impose stricter sanctions on Iran if the country does not get involved in the ongoing conflict in the Middle East.

"Reports that the Iranian government was surprised by the Hamas attack may also ease concern that the US will enforce sanctions against Iran more aggressively," ING's analysts further added.

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