

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have gained, and Gibraltar's Hi5 spread has widened further.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$16/mt), Rotterdam and Gibraltar (\$11/mt)**
- **LSMGO prices up in Rotterdam and Durban (\$21/mt), and Gibraltar (\$16/mt)**
- **HSFO prices up in Rotterdam (\$6/mt) and Gibraltar (\$2/mt)**

All bunker benchmarks in key European and African ports have increased in the past day, tracking Brent's rise. LSMGO gains have been greater than other grades, partly supported by gains in the front-month ICE low-sulphur gasoil futures contract, which is heading for a 2% rise from its previous day's settlement.

Gibraltar's VLSFO price gain has outpaced that of its HSFO, to widen the port's Hi5 spread from \$53/mt yesterday to \$62/mt.

Rotterdam has seen a substantial rise in the number of stems booked this week. Between Monday and so far today, around 12 stems have been recorded by ENGINE, doubling from six stems fixed over the same period last week. The majority of these stems have been for LSMGO.

Talks between bunker suppliers and South African authorities to resolve the Algoa Bay bunkering crisis have reached an advanced stage, a port agent told ENGINE. A final outcome to resolve the crisis may be reached by late next week, the port agent claims.

Another port agent says that some consensus is building to resume offshore bunkering in Algoa Bay. Algoa Bay bunkering has been disrupted since last month, when the South African Revenue Service (SARS) detained bunker barges over import duty disputes.

Brent

The front-month ICE Brent contract has climbed up \$1.61/bbl on the day, to trade at \$88.29/bbl at 09.00 GMT.

Upward pressure:

Geopolitical unrest in the Middle East combined with fears of further oil market tightening has bolstered the Brent price over the past week. Brent December futures have gained 4.39% so far this week.

The Commodity Futures Trading Commission's Commitments of Traders data shows money managers, such as hedge fund investors, slightly reduced their long positions in Brent futures from 289,265 on 26 September, to 275,030 on 3 October. However, the long positions were higher than the short positions at 57,782 on 3 October, indicating an overall bullish market sentiment.

The US has imposed sanctions on UAE-based Lumber Marine and Turkey-based Ice Pearl Navigation and their vessels for transporting Russian crude above the G7's price cap, according to the US treasury department. This could lead to tighter crude supplies in an already tight market.

"Sentiment was also boosted after OPEC said it expects crude stockpiles to slump by 3mb/d [3 million b/d] this quarter," said ANZ commodity strategist Daniel Hynes.

Downward pressure:

Commercial US crude inventories grew by a massive 10.18 million bbls on the week, to 424.24 million bbls on 06 October, according to official weekly figures from the US Energy Information Administration (EIA).

The core 13 OPEC member countries produced 27.75 million b/d of crude oil in September, an increase of 273,000 b/d from the previous month, according to OPEC's October oil market report. This could ease some concerns about tight global supply.

Extended supply cuts from Russia and Saudi Arabia have led to an increase in oil production from other OPEC+ members, including Iran, Libya and Venezuela. Citi's global head of commodities strategy, Ed Morse, predicted in August that OPEC+ producers Iran, Iraq, Libya, Nigeria and Venezuela would fill the supply gap left by the group's de facto leaders, Russia and Saudi Arabia.

The International Energy Agency (IEA) reported Iran's oil production at 3.14 million b/d in September, up 600,000 b/d from the same period a year ago. The agency also reported Libya's September oil production at 1.15 million b/d and Venezuela's September oil output at 1.31 million b/d.

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