

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have mostly gained over the weekend, and HSFO supply pressure has eased in Gibraltar.

Changes on the day from Friday, to 09.00 GMT today:

- **VLSFO prices up in Durban (\$22/mt), Rotterdam (\$15/mt) and Gibraltar (\$14/mt)**
- **LSMGO prices up in Gibraltar (\$22/mt), Rotterdam (\$17/mt) and Durban (13/mt)**
- **HSFO prices up in Rotterdam (\$8/mt), and down in Gibraltar (\$9/mt)**

Most bunker benchmarks in European and African bunker ports have gained over the weekend.

Gibraltar's HSFO price has moved down, against the wider market direction. Its HSFO premium over Rotterdam has narrowed further from \$51/mt on Friday, to \$34/mt now.

The arrival of replenishment cargoes has boosted HSFO supply in the port, sources say. Three of the suppliers that experienced supply shortages in the past few weeks, are now actively offering the high-sulphur grade. One tanker unloaded a total of 114,000 bbls (17,000 mt) of HSFO cargo at Gibraltar last week, according to cargo tracker Vortexa.

Recommended lead times for HSFO have come down sharply from 10-15 days earlier this month, to 6-8 days now. Some suppliers can even supply the grade for prompt delivery dates.

Minimal congestion has been reported in Gibraltar today, where one supplier is experiencing delays of 8-10 hours, according to port agent MH Bland.

The front-month ICE low-sulphur gasoil futures has increased by \$15/mt over the weekend. It is now \$32/mt higher than Rotterdam's LSMGO.

Brent

The front-month ICE Brent contract has gained \$2.16/bbl on the day from Friday, to trade at \$90.45/bbl at 09.00 GMT.

Upward pressure:

Surge in Brent futures indicates that the global oil market is still concerned about a potential disruption in supplies due to the ongoing conflict between Israel and Hamas militants.

Should the Israel-Hamas war escalate further, involvement from other nations in the Middle East could result in oil supply disruptions in an increasingly tight market. This could push Brent's price further up.

"Energy traders continue to pay close attention to the Israel-Hamas war," said OANDA's senior market analyst Edward Moya. "Crude prices are surging as the oil market will remain very tight given escalating geopolitical risks could threaten supplies," he further added.

Downward pressure:

Despite fears of escalating geopolitical tensions in the Middle East, there hasn't been any immediate impact on oil supplies in the region. "Despite recent developments in the oil market, speculators remain reluctant to jump into the market," said analysts from ING Bank.

Iran's total oil output in September increased by 15,000 b/d from the previous month to 3.06 million b/d, the Organization of the Petroleum Exporting Countries (OPEC) said in its monthly oil market report. The country produced 3.04 million b/d of crude in August.

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