

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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HSFO availability has tightened in Rotterdam, and suppliers in Gibraltar brace for upcoming bad weather.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$1/mt), and down in Durban (\$22/mt) and Gibraltar (\$4/mt)**
- **LSMGO prices down in Gibraltar (\$9/mt) and Rotterdam (\$1/mt)**
- **HSFO prices up in Gibraltar (\$10/mt) and Rotterdam (\$5/mt)**

Gibraltar's HSFO price gain has outpaced that of Rotterdam. A non-prompt 150-500 mt HSFO stem fixed at \$575/mt yesterday has pushed its benchmark higher. The port's HSFO premium over Rotterdam has widened by \$5/mt to \$39/mt now.

HSFO availability is said to be tight in Rotterdam. Several suppliers are facing product loading delays at oil terminals there. Some bunker barges have been waiting for over a week to load the product, a source says.

The earliest delivery dates for HSFO in Rotterdam with many suppliers stretch out to 25 October. Meanwhile, HSFO availability has improved lately in Gibraltar. Lead times of up to 5-6 days are recommended there.

Strong gale-force wind gusts of up to 44 knots are forecast to hit Gibraltar on Thursday, which could trigger suspension until Friday. Some suppliers in Gibraltar have already cautioned bunker buyers about potential delays and congestion over the coming days because of rough weather conditions.

In Ceuta, four vessels are scheduled to arrive for bunkers today, down from five yesterday, according to shipping agent Jose Salama & Co.

Brent

The front-month ICE Brent contract has shed \$0.67/bbl on the day, to trade at \$89.78/bbl at 09.00 GMT.

Upward pressure:

Limited crude oil supply in the global oil market due to extended production cuts from the top OPEC+ producers Saudi Arabia and Russia have supported Brent futures in recent days.

In its flagship monthly oil market report, OPEC said that it sees world oil demand to grow by 2.40 million b/d in 2023.

Meanwhile, Russia's deputy prime minister Alexander Novak expects oil prices to settle at \$100/bbl by 2035, Russian state media agency TASS reported.

"Prices were about \$100 [\$100/bbl] in 2013 or 2012. We are now living in 2023 and they are close to this level," TASS quoted the minister as saying in an interview with Soloviev Live TV channel. "If prolonging [until 2035] this will be more or less close to \$100 [\$100/bbl] from the standpoint of mathematics," Novak said.

Downward pressure:

Brent futures came under pressure after several media reports suggested that the US government will likely ease sanctions on Venezuela. This could restart the supply of Venezuelan oil in the global market.

Venezuela's government and the opposition party are working to resume discussions on the subject, which could lead the US government to ease sanctions on Venezuelan oil, Reuters reported citing multiple sources. The US government will ease certain Venezuelan sanctions in return for democratic concessions from the country's President Nicolas Maduro.

"The Biden administration will likely ease sanctions on Venezuelan oil exports in exchange for Venezuela's commitment to restarting democratic processes," commented SPI Asset Management's managing partner Stephen Innes.

Numerous challenges in the past including the impoverished state of Venezuela's oil infrastructure, a lack of stable electricity supply, and scarcity of employees have made it difficult to ramp up oil production in the country, Innes said.

By Nithin Chandran and Aparupa Mazumder

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