

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

18/10/23

Regional bunker benchmarks have gained, and HSFO availability is tight in the ARA hub amid product loading delays at oil terminals.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Gibraltar (\$17/mt), Rotterdam (\$14/mt) and Durban (\$12/mt)**
- **LSMGO prices up in Durban (\$26/mt), Gibraltar (\$24/mt) and Rotterdam (\$21/mt)**
- **HSFO prices up in Gibraltar (\$17/mt) and Rotterdam (\$16/mt)**

LSMGO gains in key European and African ports have been slightly greater than other grades, partly supported by gains in the front-month ICE low-sulphur gasoil futures contract. The contract is heading for a 2% rise from the previous day's settlement.

One prompt 150-500 mt LSMGO stem was fixed at \$900/mt in Antwerp last night. The grade is priced \$7/mt higher than in Rotterdam. Prompt LSMGO availability has been normal in Rotterdam and Antwerp.

HSFO prices in Rotterdam and Gibraltar have gained by \$16-17/mt in the past day. HSFO availability is very tight in Rotterdam and in the wider ARA hub. Product loading delays and congestion at the oil terminals have largely led to the supply crunch, two sources say.

Some bunker barges have been waiting for more than a week now to load HSFO at the oil terminals in the ARA, a source says. Meanwhile, HSFO availability has been normal in Gibraltar.

Rotterdam's Hi5 spread stands at \$79/mt, slightly wider than the spread of \$71/mt in Gibraltar, but still far off than spreads of about \$185/mt in Singapore and Fujairah.

VLSFO availability is very tight in Mozambique's Nacala port, a source says. HSFO and LSMGO availability are relatively better there.

Brent

The front-month ICE Brent contract has jumped \$2.19/bbl on the day, to trade at \$91.97/bbl at 09.00 GMT.

Upward pressure:

Brent futures erased the previous day's losses as tension intensified in the Middle East after a massive explosion at a hospital in Gaza killed hundreds of civilians. The attack has raised concerns about oil supply disruptions from the region.

Following the blast, Jordan's officials cancelled a summit that was to be hosted in Amman today, where US President Joe Biden and other Egyptian and Palestinian leaders were to discuss the ongoing conflict in the Middle East.

Oil prices remained supported during the Asian trading hours "as fears grow over the conflict between Israel and Hamas," two analysts from ING Bank said.

Besides, US commercial crude inventories showed a decline of 4.38 million bbls in the week ended 13 October, according to the American Petroleum Institute (API) data cited by Trading Economics. API's estimates provided additional support to Brent futures.

Downward pressure:

Venezuela's government and the opposition party have agreed to host elections in the country in the second half of 2024, granting its citizens democratic rights. The decision has paved the way for the US to ease some of its sanctions on Venezuela, including the inflow of Venezuelan oil in the market again.

This news has eased some concerns about supply tightness in the global market.

Meanwhile, oil market analysts remain concerned about yet another interest rate hike by the US Federal Reserve (Fed) in the fourth quarter of 2023 in a bid to tame inflation.

Higher interest rates influence consumer spending and have an adverse effect on demand for dollar-denominated commodities like oil.

By Nithin Chandran and Aparupa Mazumder

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