

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

19/10/23

Regional bunker benchmarks have declined, and adverse weather conditions could disrupt bunkering in Gibraltar.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Gibraltar (\$23/mt), Rotterdam (\$15/mt) and Durban (\$6/mt)**
- **LSMGO prices down in Gibraltar (\$39/mt), Rotterdam (\$22/mt) and Durban (\$17/mt)**
- **HSFO prices down in Rotterdam (\$13/mt) and Gibraltar (\$5/mt)**

Gibraltar's LSMGO price has come down sharply in the past day. One non-prompt 150-500 mt LSMGO stem fixed at \$952/mt in Gibraltar last night has dragged the port's benchmark lower. The grade's premium over Rotterdam's LSMGO has narrowed from \$72/mt yesterday to \$55/mt now.

Gibraltar's VLSFO price drop has been greater than its HSFO. As a result, the port's Hi5 spread has shrunk from \$71/mt yesterday, to \$53/mt now. At \$53/mt, its Hi5 spread is much narrower than the spread of \$77/mt in Rotterdam.

Gibraltar is currently experiencing strong wind gusts of nearly 50 knots. Bad weather conditions have complicated bunker deliveries by barges. Two vessels are currently waiting for bunkers there, port agent MH Bland says.

HSFO price in Rotterdam has declined by \$13/mt, aided by a lower-priced indication. One non-prompt 150-500 mt HSFO stem was fixed at \$548/mt in the nearby Flushing port yesterday. The grade's price in Flushing is almost at par with Rotterdam's HSFO.

Offshore bunkering in Algoa Bay has remained suspended for nearly a month now. The deliveries came to a standstill after the South African Revenue Service (SARS) detained bunker barges over import duty disputes in September.

Brent

The front-month ICE Brent contract has declined \$2.16/bbl on the day, to trade at \$89.81/bbl at 09.00 GMT.

Upward pressure:

The conflict between Israel and Hamas militant group has continued to raise concerns about supply crunch in the global oil market.

Voluntary supply cuts from OPEC+ top producers coupled with growing tension in the Middle East have helped Brent futures to gain this week. Iran has called on Islamic countries to impose an oil embargo on Israel, after more than 500 people got killed in an air strike in Central Gaza.

“While the explosion was quickly blamed on an Israeli strike, both Israel and the US Pentagon have since said that a militant group was responsible for the explosion,” said market analysts from ING Bank.

Meanwhile, commercial US crude inventories fell by 4.5 million bbls on the week, to 419.75 million bbls on 13 October, recent data from the US Energy Information Administration (EIA) showed.

The weekly stock draw was slightly bigger than the 4.38 million bbls drop projected by the American Petroleum Institute (API) a day earlier.

Downward pressure:

Brent futures lost after gaining in the previous session as supply concerns eased after the US government said it will provide “limited sanctions relief,” in the Venezuelan oil and gas sector.

The US government’s decision came after Venezuela’s government led by President Nicolas Maduro, and its opposition party reached a consensus on holding presidential elections in the second half of 2024.

The US government has issued a six-month general license to produce, sell, and export Venezuelan crude and gas to selected markets without limitations, Reuters reported.

Meanwhile, the Organization of the Petroleum Exporting Countries (OPEC) and its allies have no plans to take any immediate action on Iran’s call to impose an oil embargo on Israel, Reuters reported citing a source familiar with the matter.

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