

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Most regional bunker benchmarks have declined, and offshore bunkering in Algoa Bay has remained suspended for over a month now.

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

- **VLSFO prices down in Durban (\$57/mt), Rotterdam (\$14/mt) and Gibraltar (\$10/mt)**
- **LSMGO prices down in Rotterdam (\$6/mt), and up in Gibraltar (\$10/mt)**
- **HSFO prices down in Rotterdam and Gibraltar (\$14/mt)**

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

Gibraltar's LSMGO price has moved counter to the general market direction and gained by \$10/mt. One prompt 150-500 mt LSMGO stem was fixed at \$1,026/mt on Friday, which dragged the port's benchmark lower.

The price moves have widened Gibraltar's LSMGO premium over Rotterdam further from \$77/mt on Friday to \$93/mt now. LSMGO price in Gibraltar has been trading around \$1,000/mt. The grade's price is about \$41/mt higher than the LSMGO price in nearby Barcelona.

One prompt 150-500 mt LSMGO stem was fixed at \$968/mt in Barcelona on Friday.

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

Bunker suppliers are still working with the authorities to resolve the crisis, a port agent tells ENGINE. It is unclear when offshore bunkering could resume in the bay. Since offshore bunkering has not yet begun, there is a possibility that some stems booked for delivery dates at the end of this month could be cancelled now, the port agent adds.

Brent

The front-month ICE Brent contract has lost \$1.40/bbl on the day from Friday, to trade at \$92.26/bbl at 09.00 GMT.

Upward pressure:

Brent futures remained above the \$90/bbl mark as concerns about tight supply in 2024 continued to keep the oil investors nervous.

Brent prices have been supported in the past couple of weeks due to growing tension in the Middle East. Currently, concerns about a direct Israel-Hamas conflict due to Israel's potential ground operation in Gaza have the oil markets' attention, analysts said.

"Markets remain nervous about developments in the Middle East," said ING Bank's senior commodities analyst Ewa Mathews. "Clearly, price direction in the short term will be largely influenced by how the situation in the region evolves," she further added.

The oil market will also closely follow comments from world leaders who have visited Israel in recent weeks. US President Joe Biden, Italy's Prime Minister Giorgia Meloni, and UK Prime Minister Rishi Sunak have already met Israel's Prime Minister Benjamin Netanyahu last week. Leaders from France and the Netherlands will visit Israel later this week.

Downward pressure:

Brent futures came under pressure after the US government lifted some sanctions on Venezuelan oil last week. The US granted partial relief to Venezuela after the country's government and opposition agreed to settle political feuds and host a fair presidential election next year.

Besides, geopolitical ties between international allies and diplomatic moves to contain the Israel-Hamas conflict have prevented OPEC from imposing an oil embargo on Israel.

Iran's government blamed Israel for bombing a hospital in Central Gaza and urged Arab countries to put an oil embargo on Israel.

Meanwhile, Israel has denied the charges and blamed Hamas militants for the blast instead.

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