

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Regional bunker benchmarks have declined with Brent values, and congestion has increased in Algeciras amid bad weather conditions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices down in Durban (\$42/mt), Gibraltar (\$17/mt) and Rotterdam (\$15/mt)**
- **LSMGO prices down in Gibraltar (\$55/mt), Durban (\$23/mt) and Rotterdam (\$19/mt)**
- **HSFO prices down in Rotterdam (\$27/mt) and Gibraltar (\$25/mt)**

Bunker prices across key European and African ports have declined in the past day.

Gibraltar's LSMGO price has decreased the most. One lower-priced 150-500 mt LSMGO stem fixed in the port has contributed to drag Gibraltar's benchmark down. Availability of the grade is said to be normal there. Gibraltar's LSMGO price drop has outpaced that of Rotterdam. The price moves have narrowed Gibraltar's LSMGO premium over Rotterdam from \$93/mt yesterday to \$57/mt now.

Gibraltar's VLSFO price has come off by \$17/mt in the past day, weighed down by a lower-priced 150-500 mt stem. Meanwhile, a steeper fall in the port's HSFO price in the past day has widened its Hi5 spread by \$8/mt to \$67/mt. At \$67/mt, Gibraltar's Hi5 spread is much smaller than Rotterdam's Hi5 spread of \$93/mt.

Strong congestion has been reported in Algeciras today, according to port agent MH Bland. Three suppliers are running behind schedule there. The outer anchorage is currently operational, but most suppliers are expected to move deliveries into the port's inner anchorage today as bad weather conditions are forecast, MH Bland says.

In Ceuta, no backlog has been reported. Seven vessels are scheduled to arrive for bunkers today, according to shipping agent Jose Salama & Co.

Offshore bunkering in Algoa Bay has been suspended for over a month now. Bunker deliveries came to a standstill after the South African Revenue Service (SARS) detained bunker barges over import duty disputes in early September. Suppliers in Algoa Bay are still working with the authorities to resolve the bunkering crisis, a port agent told ENGINE. It is difficult to say when offshore bunkering could resume in the bay, a source says.

Brent

The front-month ICE Brent contract has lost \$2.20/bbl on the day, to trade at \$90.06/bbl at 09.00 GMT.

Upward pressure:

Oil investors are still concerned about a potential oil supply outage due to the intensifying Israel-Hamas conflict. Analysts worry that tensions in the Middle East can grow out of the borders of Israel and Palestine and cause disruption in surrounding oil-producing countries.

Geopolitical angst will “likely keep the [oil] market volatility elevated in the coming weeks,” said OANDA’s senior market analyst Ed Moya.

Moreover, speculations about an Israeli ground assault in the Gaza Strip have kept oil analysts and investors teetering. These tensions are adding high risk to global oil supply at a time when global inventories are very low due to voluntary production cuts pledged by top OPEC+ oil producers.

Israel continued its bombing of the Gaza Strip yesterday after air strikes over southern Lebanon, Reuters reported.

“The oil market is worried about the timing and the fall-out of Israel’s expected ground offensive into Gaza in response to the Hamas terror attack,” said Price Futures Group’s senior market analyst Phil Flynn.

Downward pressure:

Geopolitical tensions have led to “divergent moments” in the oil market, commented SPI Asset Management’s managing partner Stephen Innes.

Despite speculations about a tight supply scenario in the oil market in 2024 amid Israel-Hamas war, no physical oil supply disruptions have taken place in the Middle East so far.

This has limited Brent's move towards \$95/bbl and taken “some of the heat out of the [oil] rally,” added Innes.

“Oil bulls are living life vicariously on the geopolitical risk premium,” he further added.

By Shilpa Sharma and Aparupa Mazumder

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