

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

31/10/23

Prices in most European and African bunker locations have come down with Brent values, and HSFO availability has improved in the ARA hub.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$94/mt), and down in Gibraltar (\$14/mt) and Rotterdam (\$7/mt)**
- **LSMGO prices down in Rotterdam (\$35/mt), Gibraltar (\$24/mt) and Durban (\$12/mt)**
- **HSFO prices down in Gibraltar (\$39/mt) and Rotterdam (\$8/mt)**

Rotterdam's HSFO price has come down by \$8/mt in the past day and availability of the grade is said to have improved recently there. Recommended lead times for HSFO deliveries in Rotterdam have come down to 5-7 days from around nine days a week ago, sources say.

Meanwhile, HSFO availability in Amsterdam remains tight as few suppliers sell the grade there.

Rotterdam's VLSFO price has also dropped in the past day. Two lower-priced VLSFO stems fixed in the range of \$585-592/mt for prompt delivery dates dragged the port's benchmark lower.

Bunker prices across all fuel grades have declined in Gibraltar in the past day. Gibraltar's HSFO price drop has outpaced that of its VLSFO. The price moves have widened the port's Hi5 spread from \$69/mt, to \$94/mt now. One lower-priced HSFO stem fixed in the port yesterday contributed to drag the benchmark down.

Slight congestion has been reported in Gibraltar today, with five vessels currently waiting to receive bunkers there, port agent M H Bland says. Two suppliers in Gibraltar are running behind schedule with delays spanning up to 48 hours, MH Bland adds.

Brent

The front-month ICE Brent contract has shed \$0.68/bbl on the day, to trade at \$88.27/bbl at 09.00 GMT.

Upward pressure:

Global supply concerns have taken centre stage again after the conflict between Israel and Hamas worsened. Israel's Prime Minister Benjamin Netanyahu has refused the international appeals for a ceasefire in the Gaza Strip.

"Israel will not agree to a cessation of hostilities with Hamas after the horrific attacks of October 7," Netanyahu said at a press conference.

Oil traders have reacted to this news vigilantly, analysts said. "Cautious trading is seen as the market tries to gauge the risk of contagion after Israel began a so far cautious ground offensive into the Gaza Strip," said analysts from Saxo Bank.

Moreover, Iran's foreign minister Hossein Amirabdollahian at a recently held United Nations (UN) emergency session warned that the US will have to face retaliation if Israel continues this conflict against Hamas. The repercussions of losing Iranian oil will be "far-reaching", commented Price Futures Group's senior market analyst Phil Flynn.

"Disruptions to Iranian oil flows remain the most obvious risk to the market," said two analysts from ING Bank.

Downward pressure:

Oil market participants are on the edge, ahead of the US Federal Reserve's (Fed) interest rate policy meeting scheduled for tomorrow.

"The consensus in the market is that the Federal Reserve will maintain its current interest rate stance this week," said SPI Asset Management's managing partner Stephen Innes. However, "it would be a remarkable surprise if the Fed announced another rate hike at the November meeting," he further added.

Meanwhile, China's manufacturing purchasing managers' index (PMI) decreased to 49.5 in October from 50.2 in the previous month, Reuters cited data from China's National Bureau of Statistics (NBS). Signs of deteriorating manufacturing activity hints at a lagging oil demand growth.

Moreover, immediate supply disruptions due to the ongoing conflict in the Middle East have not been felt physically yet. Brent futures are expected to fall further if there is no actual damage happening to the physical crude oil supply, analysts said.

"Without an immediate disruption in global supplies and signs that Asian oil demand may be easing just a bit allowing the market to sell off," Flynn added.

By Manjula Nair and Aparupa Mazumder

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com