

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

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Most bunker benchmarks in European ports saw an upward price trend, and bunkering in Gibraltar has been suspended amid rough weather conditions.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Rotterdam (\$14/mt) and Gibraltar (\$4/mt), and down in Durban (\$5/mt)**
- **LSMGO prices up in Rotterdam (\$24/mt) and Gibraltar (\$18/mt), and down in Durban (\$71/mt)**
- **HSFO prices up in Gibraltar (\$7/mt) and Rotterdam (\$5/mt)**

Bunker operations in Gibraltar have been suspended since morning amid rough weather conditions, according to port agent MH Bland.

The port is experiencing strong gale-force wind gusts of up to 35 knots and swells close to two metres. The weather is expected to improve tomorrow, which could enable bunker operations to resume. However, strong wind gusts are forecast to hit the region again on Saturday, which could trigger another suspension.

The nearby Huelva port was also closed today due to wind gusts of 37 knots, MH Bland says.

Meanwhile, bunker operations continue to run normally in Ceuta and Algeciras. Seven vessels are scheduled to arrive for bunkers in Ceuta today, according to shipping agent Jose Salama & Co.

All bunker benchmarks in Rotterdam increased today. The port's Hi5 spread has widened from \$82/mt on Wednesday, to \$91/mt today. Its LSMGO price has gained steeper than other ports. Three LSMGO stems were fixed at Rotterdam yesterday. Of which, one 150-500 mt non-prompt delivery stem fixed at \$868/mt, pushed the benchmark price up.

VLSFO price in Durban fell by \$5/mt amid downward price pressure from a stem fixed at \$800/mt yesterday.

Offshore bunkering remains suspended at Algoa Bay since September, according to a port agent. 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 inched up \$0.16/bbl on the day, to trade at \$85.79/bbl at 09.00 GMT.

Upward pressure:

Brent futures remained supported amid rising angst in the Middle East. Iran's Supreme Leader Ayatollah Khamenei has urged neighbouring Arab countries to immediately cease essential exports including oil and food to Israel, state-owned media agency IRNA reported.

The Islamic governments "must immediately stop the [Israeli] bombing of Gaza and block the export of oil and food to the Zionist regime," IRNA quoted Khamenei as saying.

Brent gained additional support after the US Federal Reserve (Fed) decided to keep interest rates at their current levels, at its Federal Open Market Committee (FOMC) meeting that concluded on Wednesday.

Oil investors largely anticipated that the US Fed would keep interest rates unchanged after "recent comments from Fed officials that higher long-term interest rates are tightening financial conditions reinforced the view they [Fed] are probably done [hiking rates]," said SPI Asset Management's managing partner Stephen Innes.

Downward pressure:

Brent futures felt some downward pressure after the US Energy Information Administration (EIA) reported a growth of 773,000 bbls on the week in commercial US crude inventories, to 421.89 million bbls, on 27 October.

The weekly stock build was smaller than the 1.35 million-bbl build estimated by the American Petroleum Institute (API) on Tuesday.

Meanwhile, weak demand projections from China after an underwhelming purchasing managers' index (PMI) figure in October have also triggered concerns about a lack of global demand growth. This has kept a lid on Brent's rise.

By Manjula Nair and Aparupa Mazumder

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