

MARKET UPDATE EUROPE & AFRICA



ENGINE: Europe & Africa Bunker Fuel Market Update

03/11/23

Regional bunker prices tracked Brent's gains, and bunker operations have resumed in Gibraltar this morning.

Changes on the day to 09.00 GMT today:

- **VLSFO prices up in Durban (\$34/mt), Gibraltar (\$15/mt) and Rotterdam (\$13/mt)**
- **LSMGO prices up in Durban (\$80/mt), Rotterdam (\$30/mt) and Gibraltar (\$25/mt)**
- **HSFO prices up in Gibraltar (\$14/mt) and Rotterdam (\$13/mt)**

All bunker benchmarks in major European and African ports have increased in the past day.

Bunkering has resumed in Gibraltar this morning after being suspended yesterday due to bad weather conditions, port agent MH Bland says. A window of calmer weather has allowed suppliers to clear some backlogs.

Congestion has eased in the port with nine vessels currently waiting to receive bunkers, down from 19 yesterday, MH Bland. But the region is currently experiencing wind gusts of 24 knots, which could delay bunker operations or trigger suspension. The weather is forecast to remain bad tomorrow as well.

Meanwhile, bunker operations are progressing normally in the nearby ports of Algeciras, Ceuta and Las Palmas.

Additionally, bunkering has been suspended in Huelva since yesterday due to adverse weather conditions. However, bunker deliveries by barge can still be carried out at anchorage there, MH Bland says.

Offshore bunkering remains suspended in Algoa Bay since September, when the South African Revenue Service (SARS) detained bunker barges for customs duty irregularities.

It is still unclear how soon offshore bunkering could resume in Algoa Bay, one port agent told ENGINE. At this point, bunker suppliers and authorities are still negotiating to resolve the offshore bunkering crisis, the port agent added. When SARS was contacted, the authority was unable to provide any new updates on the negotiations.

With Algoa Bay temporarily inaccessible for offshore bunkering, ships are being diverted to alternative ports in its vicinity to bunker.

Bunker demand has increased in Mozambique's Nacala and Maputo. HSFO and LSMGO availability is normal in Mozambique's Nacala port, a source says. VLSFO supply is very tight in the port. The earliest delivery date with a supplier there is 17 November.

On the other hand, LSMGO availability is normal in Maputo, but barge availability has tightened there. VLSFO is also tight in Maputo, where a supplier can offer the earliest delivery on 10 November.

Brent

The front-month ICE Brent contract has gained \$1.38/bbl on the day, to trade at \$87.17/bbl at 09.00 GMT.

Upward pressure:

Optimistic market sentiments after the US Federal Reserve's (Fed) decision to keep current interest rates unchanged have supported Brent futures today.

“The Fed’s decision to keep interest rate hikes on pause for a second consecutive time has bolstered economic sentiment and supported commodity prices, including energy,” said two analysts from ING Bank.

Meanwhile, growing tensions in the Middle East coupled with disruptions caused by the Russian invasion of Ukraine could put oil markets into “uncharted waters,” World Bank’s latest Commodity Markets Outlook Report stated.

Global oil supply could be reduced by 6 million b/d to 8 million b/d if the conflict causes “large disruptions”, the bank said. “That would drive prices up by 56% to 75% initially—to between \$140 and \$157 a barrel,” it added.

“The global oil market is still extremely tight, and we don’t have any room for any disruptions of supply,” said Price Futures Group’s senior market analyst Phil Flynn. “The [oil] market awaits more headlines on the progress of the Israeli invasion of Gaza,” he further added.

Downward pressure:

Brent futures felt some downward pressure today due to weak demand projections from China.

China’s purchasing managers’ index (PMI) declined to 49.5 in October from 50.2 in the previous month, data from China’s National Bureau of Statistics (NBS) showed earlier this week. A reading below 50 indicates contraction.

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