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## Bunker prices set to climb as oil jumps 4% on Israel – Gaza conflict

Paul Bartlett | Oct 10, 2023

***The outbreak of new Middle East hostilities drew weakening oil prices to an abrupt halt yesterday as both benchmark crude oils – Brent and West Texas Intermediate – leapt by more than 4%.***

Analysts warned that if the Israel-Hamas conflict worsens oil price will likely climb further which will also impact bunker costs for shipping.

Bunker prices were up at most major bunkering ports yesterday reversing a recent trend of falling prices according to figures published by Ship & Bunker.

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The development follows a week in which oil prices fell sharply due to concern over inflation and weakening demand. It also follows reports that Saudi Arabia, the world's largest oil producer, could be prepared to raise production by a million barrels a day from the nine million that is being pumped today. The Saudis and Russians have been following a strategy of voluntary cuts likely to extend at least until the end of the year.

Yesterday's hike in oil prices coincided with the release by OPEC of its 2023 World Oil Outlook which differs markedly from International Energy Agency (IEA) forecasts. OPEC expects global oil demand to reach 116 million barrels a day by 2045 compared with 99.6 million barrels in 2022. This forecast is about six million barrels a day more than the organisation's forecast last year and is likely to require \$14 trillion of investment, it said, up from \$12.1 trillion last time.

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In a foreword to the latest report, OPEC Secretary General Haitham Al Ghais who took up the position as head of the cartel in August last year, revealed that "recent developments have led the OPEC team to reassess just what each energy can deliver, with a focus on pragmatic and realistic options and solutions. Calls to stop investments in new oil projects are misguided and could lead to energy and economic chaos."

In marked contrast, the IEA said recently that the world was now at the "beginning of the end" of the fossil fuel era.

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