

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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East of Suez prices have slumped with Brent since Friday, and bunkering has been suspended in Zhoushan.

Changes on the day from Friday, to 16.00 SGT (08.00 GMT):

VLSFO prices down in Zhoushan (\$28/mt), Fujairah (\$21/mt), and Singapore (\$14/mt)

LSMGO prices down in Zhoushan (\$34/mt), Fujairah (\$32/mt) and Singapore (\$26/mt)

HSFO380 prices down in Singapore (\$16/mt) and Fujairah (\$14/mt)

Gale and unfavourable bunkering conditions could suspend bunkering in several East Asian ports this week. Bunkering has been suspended in Zhoushan since yesterday. While deliveries are expected to be halted until Wednesday, it is unclear if they will resume by then, a source says.

Bunkering at Japan's Tokyo Bay port may be suspended at anchorage in the event of gale, a source says. VLSFO and HSFO380 at the port are tight cargoes expected around 2-3 December. LSMGO availability remains normal.

South Korea has a bad weather forecast for the next 2-4 days, which may only affect outer anchorage deliveries and not deliveries at berths or more sheltered inner anchorages, according to a source. VLSFO availability in the country's southern ports remains tight with a cargo expected to replenish stocks from around 3 December.

Prompt availability in Singapore is tight with lead times of up to 10 days for VLSFO, seven days for LSMGO and up to 12 days for HSFO380.

Singapore prices VLSFO at a \$8/mt premium over Fujairah, and \$26/mt over Zhoushan where the price has made a bigger loss since Friday.

VLSFO and LSMGO availability in Fujairah remains tight with lead times of up to seven days. HSFO380 has lead times of up to eight days and is available at a \$17/mt premium over Singapore.

Hong Kong also has gale force wind forecast Tuesday through Thursday, VLSFO availability at the port is already tight with just two suppliers offering, and high prices being quoted due to high demand, a source says.

Brent

Front-month ICE Brent crude has come down by \$2.79/bbl on the day from Friday to 16.00 SGT (08.00 GMT) today, when it traded at \$75.92/bbl.

The market was rocked on Friday by the discovery of a new Covid-19 variant, Omicron, in South Africa that is believed to be more transmissible than previous variants. A host of countries have temporarily banned flights to South Africa and other southern African countries. Brent made its biggest daily drop since April 2020.

Brent has recovered some today as the market refocuses attention to OPEC+. The group could opt to postpone its planned 400,000 b/d output increase for January when it meets for monthly policy talks on Thursday. A US-led release of Strategic Petroleum Reserves (SPR) will add more barrels to the market, and fresh Covid-19 concerns has weakening the demand outlook.

“OPEC+ probably has all the excuses it needs to hit the pause button on increasing production in December and awaiting further virus clarity,” OANDA analyst Kenny Fisher says.

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