ENGINE: East of Suez Physical Bunker Market Update

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East of Suez prices are mostly down on the day amid a sharp drop in Brent crude, and bunkering has been suspended in some South Korean ports.

Changes on the day to 16.00 SGT (08.00 GMT)

VLSFO prices down in Singapore ($29/mt), Fujairah ($21/mt) and Zhoushan ($15/mt)

LSMGO prices up in Zhoushan ($8/mt), and down in Singapore ($44/mt) and Fujairah ($17/mt)

HSFO380 prices down in Fujairah ($36/mt) and Singapore ($28/mt)

Bunkering has been suspended by rough weather in the South Korean ports of Busan, Ulsan and Yeosu.

The ports are forecast to experience gale-force wind gusts in the range of 27-38 knots today and tomorrow. Bunkering may resume tomorrow evening, subject to weather changes, a source says.

Bunkering fuel availability in ports remains tight with a VLSFO cargo expected to replenish stocks on 3 December. Suggested lead times of seven days for fuels may be extended due to the weather disruptions.

In Hong Kong, operations may be suspended by gale tomorrow, a source says. VLSFO availability has been tight at the port amid high demand and limited supply, with just two suppliers having product.

VLSFO and LSMGO availability remains tight in Singapore with recommended lead times of up to 8-10 days and 6-8 days, respectively. HSFO380 is priced at a $9/mt discount to Fujairah, with lead times of up to 12 days advised.

In Fujairah, VLSFO lead times are up to four days, while lead times for LSMGO have inched up by a day to seven days. Prompt HSFO380 delivery lead times remain at eight days. The port’s VLSFO grade is priced $11/mt higher than in Zhoushan, and at the same level as in Singapore.

In Zhoushan, bunkering remains suspended amid bad weather. However, the nearby port of Shanghai is still operating, a source says. VLSFO stocks are set to be replenished with the arrival of new cargo on 2 December, and an LSMGO cargo is set to arrive on 4 December.

Brent

Front-month ICE Brent has slumped further, coming off by $4.43/bbl on the day, to $71.49/bbl at 16.00 SGT (08.00 GMT) today.

The futures contract is trading at its lowest intraday values since late August after vaccine maker Moderna told the Financial Times that current vaccines are unlikely to have the same efficacy against the recently discovered Omicron variant.

“There is no world, I think, where [the effectiveness] is the same level…we had with [the] Delta [variant],” Moderna chief executive Stéphane Bancel said.

Several countries have banned flights from southern African states, where the Omicron was first discovered. Japan, Morocco and Israel have banned foreign travellers from entering their countries altogether. Australia has pushed back reopening its borders by two weeks.

US President Joe Biden said Omicron is a “cause for concern, not panic”, saying a domestic lockdown is not on the cards now.

With a backdrop of extra barrels being added through a US-led release of strategic petroleum reserves, and the Omicron variant denting the oil demand outlook, OPEC and its allies, including Russia, could be swayed to hold back its planned 400,000 b/d supply increase for January.

“OPEC+ pushed their meetings to better assess the impact of the Omicron variant, which will most likely be followed by a delay in delivering an extra 400,000 barrels a day in January,” OANDA analyst Ed Moya said.

However, Saudi Arabia’s energy minister said yesterday he is not worried about Omicron, while Russia’s deputy prime minister cautioned against hasty actions.