

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

1/12/21

East of Suez prices are up on the back of an uptick in Brent crude, and bunkering has resumed in Zhoushan.

**Changes on the day to 16.00 SGT (08.00 GMT):**

**VLSFO prices up in Singapore (\$18/mt), Fujairah (\$12/mt) and Zhoushan (\$11/mt)**

**LSMGO prices up in Fujairah (\$22/mt), Singapore (\$13/mt) and Zhoushan (\$11/mt)**

**HSFO380 prices up in Fujairah (\$7/mt), Singapore (\$3/mt) and Zhoushan (\$2/mt)**

Bunkering has resumed at the Xiu Shandong anchorage in Zhoushan, after days of weather disruptions. VLSFO availability at the port has been tight. Supplies may be replenished with new stock expected to arrive tomorrow.

Hong Kong now requires ships with crew from Japan, Portugal and Sweden to be quarantined for 21 days to prevent the Omicron strain Covid-19 from spreading, the government said on its website. Hong Kong initially implemented quarantine restrictions on ships arriving from several African countries and dozens of other countries around the world.

VLSFO and LSMGO availability in Singapore remains tight with recommended lead times of 6-8 days and 9-11 days, respectively. HSFO380 lead times are at least 10-12 days ahead.

Singapore's HSFO380 grade is priced at a discount of \$13/mt to Fujairah, and \$49/mt to Zhoushan.

In Fujairah, VLSFO and LSMGO availability has tightened, with a supplier having run out of product, a source says. HSFO380 availability has improved at the port with shorter lead times.

LSMGO grade in Fujairah is priced \$36/mt higher than in Zhoushan, and \$122/mt higher than in Singapore.

## Brent

Following another big, Omicron-triggered loss in the previous session, front-month ICE Brent has ticked up by \$0.36/bbl in the past day, to \$71.85/bbl at 16.00 SGT (08.00 GMT).

OPEC members are meeting for preliminary talks today, before the bigger OPEC+ group is set to meet for monthly output policy talks tomorrow.

Analysts think OPEC+ could decide to pause incremental 400,000 b/d oil output increases in January, after having phased back its cuts from last year at that pace in each month since August.

“...given the recent Covid developments and sharp price drop, the cartel may opt for a more cautious route. Moving forward with the preplanned increase risks a further drop in prices,” DailyFX analyst Thomas Westwater said.

“With oil’s slump overnight, it is almost certain that OPEC+ will pause its scheduled production hikes for December to allow it to assess the impact of omicron more fully on the world economy,” OANDA analyst Jeffrey Halley.

Brent has drawn some support from a smaller-than-expected draw of US crude oil stocks, as measured by the American Petroleum Institute (API). 747,000 bbls of crude was drawn out of US storage tanks in the week to 26 November, which was less than half of what analysts polled by Oilprice.com predicted.

Official US Energy Information Administration (EIA) figures are set for release at 15.30 GMT today.

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