



ENGINE: East of Suez Physical Bunker Market Update

22/12/22

Prices move north across all the major Asian hubs, and OPL bunkering remains suspended in Zhoushan since yesterday.

Changes on the day to 17.00 SGT (09.00 GMT) today:

VLSFO prices up in Zhoushan (\$24/mt). Fujairah (\$20/mt) and Singapore (\$16/mt)

LSMGO prices up in Fujairah (\$38/mt), Singapore (\$32/mt) and Zhoushan (\$26/mt)

HSFO380 prices up in Singapore (\$21/mt), Zhoushan (\$13/mt) and Fujairah (\$11/mt)

Bunkering in Zhoushan's outer port limits (OPL) has been halted since yesterday and is likely to resume on Sunday when calmer weather is forecast, White Whale Shipping Agency says.

Currently, the port is witnessing gale force winds between 32-29 knots and waves more than a metre. Inclement weather is forecast through the week until Sunday when calmer weather is expected.

16 vessels are waiting to bunker across Zhoushan's anchorages today, increasing from 10 in the past day, according to White Whale Shipping Agency.

Zhoushan's VLSFO price has recovered by \$24/mt, in the past day, after shedding \$10/mt in the previous session. The port's VLSFO discount to Fujairah has narrowed marginally to \$7/mt. However, demand in Zhoushan has been sluggish this week, a source says.

Apart from Zhoushan, Fujairah and Singapore's VLSFO prices have also gained in the past day, with Brent's upswing playing an important role in the northbound movement.

Singapore has been witnessing a steady demand for the grade so far this week, a source says. Prices have been volatile in Singapore, with four VLSFO stems fixed in a wide range of \$28/mt in the past day. Singapore's VLSFO premium over Zhoushan and Fujairah has narrowed to \$10/mt and \$3/mt, respectively.

Fujairah has been witnessing robust demand since the end of the second week of January. Recommended lead times for VLSFO in the UAE port are 8-9 days, as most suppliers are booked for December. Some suppliers can offer the grade for prompt dates, a source says.

Lead times of 10-13 days are recommended for VLSFO in Singapore, as most suppliers are fully booked for the rest of the month. VLSFO availability remains good in Zhoushan, with short lead times of 3-4 days, but weather-related disruptions through 25 December might delay deliveries.

Meanwhile, recommended lead times across all grades are around five days in the South Korean ports.

Bad weather is forecast across all South Korean ports from 23-25 December, which might hamper bunkering operations.

Brent

Front-month ICE Brent has gained by \$2.68/bbl on the day, to \$82.84/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Commercial US crude oil stocks have declined by 5.89 million bbls to a two-week low of 418.23 million bbls in the week to 16 December, according to data by the Energy Information Administration.

The draw superseded predictions of a 1.6 million-bbl drop from analysts polled by Reuters and is also much higher than the projection of a 3.07 million-bbl drop by the American Petroleum Institute.

Volumes of crude released from strategic petroleum reserves (SPR) declined from the previous week's 4.74 million bbls to 3.64 million in the week to 16 December. The US Department of Energy will buy up to 3 million bbls to replenish SPRs in February next year at a price below \$96/bbl.

Also supporting Brent prices are winter storm warnings in the US, which may boost heating oil demand while depleting supplies following the closure of the Keystone Pipeline. Canadian pipeline operator TC Energy has stated that upcoming cold weather in the area might slow down oil spill cleanup efforts.

Downward pressure:

A growing wave of Covid cases coupled with the reports of a new COVID variant in China has again put China's

A growing wave of COVID cases coupled with the reports of a new COVID variant in China has again put China's demand concerns back in the spotlight for oil markets.

World Health Organization chief Tedros Adhanom Ghebreyesus has expressed concern about the nation's health, urging China's government to intensify its vaccination campaign.

The looming recession is putting a damper on the oil markets as the year ends. Analysts and economists have all univocally urged caution, especially for the US and European economies, predicting a "mild to serious" recession next year.

A global economic analyst firm has issued a grim warning, stating that data on China's manufacturing and service sectors' business confidence suggests that the world's biggest oil importer may head into a recession next year.

By Tuhin Roy and Konica Bhatt

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com