ENGINE: East of Suez Bunker Fuel Market Update

27/04/23

Regional benchmarks have tracked declining Brent values, and Singapore's LSMGO price has dropped to fresh 15-month lows.

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

VLSFO prices down in Fujairah ($19/mt), Singapore and Zhoushan ($11/mt)
LSMGO prices down in Singapore ($27/mt), Fujairah ($26/mt) and Zhoushan ($25/mt)
HSFO prices down in Singapore ($16/mt), Fujairah ($12/mt) and Zhoushan ($9/mt)

All benchmarks in East of Suez ports have tracked declining front-month Brent futures. Singapore's LSMGO price has made a steeper decline and has plunged to fresh 15-month lows.

Fujairah's VLSFO price declined by $19/mt in the past day – the steepest among major bunker hubs.

Three lower-priced VLSFO stems have been fixed in Fujairah in the past day, adding more downward pressure to the port's benchmark. As a result, the port's VLSFO discount to Singapore's VLSFO has widened from $16/mt in the past day to $24/mt now.

VLSFO demand is said to be better in Fujairah this week, a trader says. A total of nine VLSFO stems have been recorded by ENGINE between Monday and so far today, up from last week's five stems. Recommended lead times for VLSFO and LSMGO deliveries in Fujairah are about 5-6 days, while HSFO requires a longer period of around nine days.

Hong Kong is currently experiencing wind gusts of 18-20 knots. Rough weather conditions could hinder bunker deliveries in the port, a source says.

Adverse weather conditions are forecast on Saturday evening in India's west coast Sikka port, which could impact deliveries. Around 11 vessels are currently waiting to receive bunkers there, a source says.

Brent

The front-month ICE Brent contract has plunged lower by $3.27/bbl on the day, to $77.99/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

The market is banking on a recovery in Chinese oil demand during the Golden Week holidays, when tens of millions travel for family reunions. This is expected to push crude prices higher.

A sharp rise in demand and OPEC+ production cuts will further tighten oil supplies, which are already constrained by the standoff between Iraq and Kurdistan and by lower US crude inventories.

Commercial US crude inventories declined by 5.05 million bbls on the week, to 460.91 million bbls as of 21 April, according to official weekly figures from the US Energy Information Administration (EIA). The pullout is marginally below the 6.1 million-bbl draw estimated by the American Petroleum Institute (API), but far exceeds the 1.5 million-bbl drop predicted in a Reuters' poll of analysts.

Downward pressure:

Fears that a banking crisis could flare up amid a looming recession in the US forced Brent prices to tumble to a one-month low, below the crucial $80/bbl mark.

OANDA's senior market analyst Ed Moya has ruled out $100/bbl level for Brent in the near future as he believes "China's recovery is not materialising, and US demand is weaker."

Brent is also holding its breath in light of multiple central bank policy meetings next week.

The US Federal Reserve and the European Central Bank (ECB) are expected to signal a pause in interest rate hikes when they meet next week. However, investors are worried that any further increase will harm economies already battling macroeconomic headwinds.

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