

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

15/05/23

Brent crude oil's lower rates hit most fuel prices across East of Suez ports. Bunker operations could face disruptions at several regional ports later this week, owing to inclement weather.

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

VLSFO prices up in Singapore (1/mt), and down in Zhoushan (\$17/mt) and Fujairah (\$2/mt)

LSMGO prices up in Singapore (\$9/mt) and Zhoushan (\$6/mt), and down in Zhoushan (\$4/mt)

HSFO prices up in Fujairah (\$2/mt), and down in Zhoushan (\$3/mt) and Singapore (\$2/mt)

In East Asia, Zhoushan's outer port limit (OPL) and the inner anchorages are reporting "weak demand", said a source. Bunker operations could be halted by rough seas from 17 May, he added.

Lead times for VLSFO deliveries at the Chinese hub remain at between 5-7 days, while those for HSFO and LSMGO are relatively prompt, at 3-5 days.

A second source says demand is "rebounding" in Singapore. Lead times for HSFO and VLSFO supply hover between 9-13 days.

Lead times for LSMGO deliveries at the Southeast Asian hub are 4-7 days, she added.

A fog warning is in place for some ports in South Korea today. Ports there could face refuelling disruptions later in the week. Elsewhere, bad weather is forecast the New Zealand's Tauranga port from 19-20 May.

Brent

The front-month ICE Brent contract has inched lower by \$0.43/bbl on the day from Friday, to \$74.15/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Global oil demand projections remain positive despite macroeconomic concerns. Market watchers such as OPEC and the US Energy Information Administration believe that crude demand will be largely driven by China and India.

Oil supply is likely to tighten in the second half of this year, pushing prices higher, ING commodity strategist Warren Patterson has written in a note. "While the oil market has been well supplied so far in 2023, it is expected to tighten significantly over the second half of the year."

Meanwhile, the Iraqi government has informed Turkish authorities to resume exporting 450,000 b/d from Ceyhan Port. However, it is unlikely that Turkey will accept Baghdad's request and resume oil exports, according to Bloomberg's latest report citing Turkish official sources.

Downward pressure:

"The sell-off in the market has been unrelenting over recent weeks," ING's Patterson has stated, "with negative sentiment rising following concerns over the macro environment and what it could eventually mean for oil demand."

Weaker refinery margins have also raised doubts over the strength of oil demand, according to Patterson.

ING has made a downward revision to its Brent price forecast for this year, by \$5/bbl from \$101/bbl, to \$96/bbl, as Patterson expects "slightly weaker" global demand and "sticky Russian supply" to limit the price gains.

"Impressive resilience given all of the challenges thrown at the market as concerns about the debt ceiling, rates, banking stress, the long-term inflation outlook and China's deflationary funk have recessionary fears boiling over again as the laundry list of worries builds," SPI Asset Management managing partner Stephen Innes has stated.

By Munikoti Rochan and Konica Bhatt

Please get in touch with comments or additional info to news@engine.online

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