

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

24/05/23

Most benchmarks across grades have surged in major Asian hubs, and availability of VLSFO and HSFO remains tight in Singapore.

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

VLSFO prices up in Singapore and Zhoushan (\$13/mt), and Fujairah (\$12/mt)

LSMGO prices up in Fujairah (\$24/mt), Singapore (\$22/mt) and Zhoushan (\$14/mt)

HSFO prices up in Fujairah (\$12/mt) and Singapore (\$5/mt), and down in Zhoushan (\$2/mt)

VLSFO and LSMGO benchmarks across East of Suez ports have surged in the past day mirroring Brent's upward thrust.

VLSFO prices in Zhoushan and Singapore have risen by \$13/mt each, while the grade's price in Fujairah has increased by \$12/mt. This has resulted in Zhoushan's VLSFO premiums over Fujairah and Singapore to remain almost steady at \$32/mt and \$16/mt, respectively.

VLSFO and LSMGO availability in Zhoushan remains good, with recommended lead times of 3-5 days. HSFO stems require slightly longer period of 4-7 days in the port.

Supply of VLSFO and HSFO is tighter in Singapore. Lead times of 8-9 days are advised for VLSFO, and 6-10 days for HSFO – slightly down from 8-12 days at the start of the week. Lead times for LSMGO are shorter at 5-7 days.

Meanwhile, the Sri Lankan port of Colombo has good availability across all grades, with short lead times of around four days.

Brent

The front-month ICE Brent contract has climbed by \$2.15/bbl on the day, to \$77.94/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Current market pessimism is misplaced in light of improving fundamentals and this presents an "opportunity" for investors, argues Eric Nuttall, oil market investor and partner at Ninepoint Partners.

"F.E.A.R (false evidence that appears real) is driving the oil market, with net length back to pandemic lows. Given what we estimate to be imminent, material global inventory draws, this level of pessimism contrasted against meaningful improving fundamentals = opportunity," Nuttall has written in a social media post.

Saudi Arabian oil minister Abdulaziz bin Salman has warned speculators to "watch out" as positioning suggests market speculators have become bearish in recent weeks amid fears of a global economic slowdown. "I keep advising them that they [market speculators] will be ouching - they did ouch in April. I don't have to show my cards. I'm not a poker player... but I would just tell them to watch out," he said during the Qatar Economic Forum organised by Bloomberg.

The warning may indicate that the Kingdom and its OPEC+ allies will come up with another surprise at their 4 June meeting in Vienna to boost prices.

Commercial US crude inventories were drawn by 6.8 million bbls in the week that ended on 19 May, according to an American Petroleum Institute (API) estimate. Official weekly data from the Energy Information Administration (EIA) is scheduled for release later today.

Downward pressure:

Recent market positioning data suggests that oil market speculators have substantially reduced their net long positions in ICE Brent futures in recent weeks, says ING's head of commodity strategy Warren Patterson.

This implies that money managers expect the recent weakness in the oil market to persist and are taking a defensive stance by reducing their exposure to long positions in ICE Brent. The bearish sentiment may prompt other traders to take a defensive stance and reduce their exposure to long positions, which can weigh further on Brent's price.

By Tuhin Roy 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