

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

12/07/23

Prices have moved up in major Asian hubs, and bunkering remains suspended by bad weather at three of Zhoushan's anchorages since Monday.

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

- **VLSFO prices up in Zhoushan (\$8/mt), Singapore (\$7/mt) and Fujairah (\$5/mt)**
- **LSMGO prices up in Zhoushan (\$20/mt), Fujairah (\$15/mt) and Singapore (\$13/mt)**
- **HSFO prices up in Zhoushan (\$30/mt), Singapore (\$11/mt) and Fujairah (\$8/mt)**

Bunker benchmarks in East of Suez ports have gained in the past day tracking Brent's rise. VLSFO prices across Zhoushan, Singapore and Fujairah have risen in a range of \$5-8/mt in the past day.

Zhoushan continues to price its VLSFO at elevated levels to Fujairah and Singapore. The Chinese bunkering hub's VLSFO premiums over Fujairah and Singapore stand at \$18/mt and \$9/mt, respectively.

Meanwhile, Zhoushan's LSMGO price has surged \$30/mt in the past day – the highest among major Asian hubs. Some higher-priced indications in the past day have supported the benchmark's upward thrust. The port's LSMGO premium over Singapore stands at \$28/mt.

Availability of all grades remains good in Zhoushan, with lead times of 2-5 days recommended – unchanged from last week. However, delivery dates are subject to weather conditions.

Bunker deliveries have been suspended by rough weather at three of Zhoushan's anchorages since Monday. Bunkering is likely to resume fully on 17 July, when calmer weather is forecast.

Lead times of around seven days are advised across all bunker fuel grades in Hong Kong.

## **Brent**

The front-month ICE Brent contract has increased by \$1.83/bbl on the day, to \$79.70/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Supply-side dynamics continue to support Brent futures after OPEC+'s de facto leader Saudi Arabia along with Russia and Algeria pledged to continue crude production cuts into August, amounting to an output reduction of a little over 1.5 million b/d.

Brent felt more upward momentum as the oil market shook off skepticism about Russia's commitment to cut oil output. "Data suggests that Russia is showing signs of compliance even though it may have something to do with seasonal factors," said Price Futures Group's senior market analyst Phil Flynn.

Moreover, the US Energy Information Administration (EIA) has forecast global oil demand to grow in the remainder of 2023. The EIA has projected global oil demand to surpass global crude supply by around 100,000 b/d in 2023 and by around 200,000 b/d in 2024.

### **Downward pressure:**

Brent felt some downward pressure after US crude inventories increased by around 3 million bbls in the week ended 7 July, Reuters reported citing the American Petroleum Institute (API) data.

"The API numbers released overnight were more bearish than expected," said ING's market analyst Warren Patterson. "The market had been expecting some small draws across crude and products," he added in a note.

The more widely followed EIA inventory report will be released later today.

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