

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

19/07/23

VLSFO and LSMGO prices have moved up in major Asian hubs, and bunkering has resumed in Zhoushan's OPL area after being suspended for about 10 days by bad weather.

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

- **VLSFO prices up in Fujairah (\$14/mt), Zhoushan (\$12mt) and Singapore (\$7/mt)**
- **LSMGO prices up in Singapore (\$20/mt), Fujairah (\$5/mt) and Zhoushan (\$4/mt)**
- **HSFO prices up in Singapore (\$8/mt), and down in Fujairah and Zhoushan (\$7/mt)**

VLSFO and LSMGO benchmarks in East of Suez ports have gained in the past day, tracking Brent's upward thrust

Fujairah's VLSFO price has risen by \$14/mt in the past day – the steepest among major Asian hubs. Four VLSFO stems were fixed in the UAE port in a range of \$22/mt. One stem at the higher end of the range has supported the benchmarks' upward movement.

Despite Fujairah's VLSFO price gain, the port's VLSFO discounts to Zhoushan and Singapore stand at \$15/mt and \$10/mt, respectively.

Prompt availability of all grades remains under pressure from good bunker demand in Fujairah. Several suppliers are recommending lead times of 5-7 days for all grades, while a few can still supply prompt, a source says.

HSFO prices in Zhoushan and Fujairah have decreased, going against the general market trend. Meanwhile, Singapore's HSFO price rose by \$8/mt – supported by some higher-priced HSFO indications in the past day.

Securing HSFO prompt stems can be difficult in Singapore, with several suppliers only able to supply the grade with lead times of 11-14 days now – up from 9-13 days last week. Strong bunker demand coupled with a shrinking HSFO net import surplus has likely contributed to tighten the supply.

Lead times of 7-11 days and 4-7 days are advised for VLSFO and LSMGO, respectively, in Singapore.

Meanwhile, availability remains good across all grades in Zhoushan, with short lead times of 2-5 days – unchanged from last week. Bunkering has resumed in Zhoushan's OPL area after being suspended by bad weather since 9 July. All four anchorages are now operational. However, rough weather conditions are again forecast from Friday, which might disrupt bunkering until next Wednesday.

## **Brent**

The front-month ICE Brent contract has gained \$1.70/bbl on the day, to \$80.26/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Brent has moved up amid renewed optimism about recovery in Chinese oil demand. China's highest economic planner, National Development and Reform Commission (NDRC) has pledged to roll out policies to "restore and expand" consumption in the world's biggest oil importing nation, Reuters reports.

Additionally, data from the American Petroleum Institute (API) showed that the US crude, distillate, and gasoline inventories declined last week, according to a Reuters report.

US crude oil inventories fell by 800,000 bbls in the week ended 14 July, as per the latest API data. Meanwhile, market analysts were expecting a larger draw of around 2.3 million bbls. "The (API) numbers were fairly neutral," said ING's market analyst Warren Patterson.

The more widely followed Energy Information Administration (EIA) report will be released later today.

### **Downward pressure:**

Oil prices felt some downward pressure after China reported weaker-than-expected gross domestic product (GDP) figures last week.

"The bullish oil thesis was again kneecapped by the ongoing deterioration in China's growth fundamentals," said SPI Asset Management's analyst Stephen Innes. "The major fear is that signs of slowing in the broader economy will begin to impact transport demand," he noted.

A slight recovery in the US dollar has added to the downward pressure on oil, Patterson said. "Supply concerns have also eased, with both the Sharara and El Feel oil fields in Libya reportedly resuming after a brief shutdown last week due to protests," he added in a note.

*By Tuhin Roy and Aparupa Mazumder*

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](http://freightinvestorservices.com)