

MARKET UPDATE EAST OF SUEZ



ENGINE: East of Suez Physical Bunker Market Update

16/08/23

Prices have moved down across East of Suez ports, and VLSFO and LSMGO availability remains good in Singapore.

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

- **VLSFO prices down in Zhoushan (\$11/mt), Fujairah (\$9/mt) and Singapore (\$8/mt)**
- **LSMGO prices down in Fujairah (\$16/mt), and Zhoushan and Singapore (\$15/mt)**
- **HSFO380 prices down in Zhoushan (\$9/mt) and Singapore and Fujairah (\$8/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's fall and declined in the past day. Zhoushan's VLSFO price has decreased by \$11/mt – the steepest among major Asian hubs. Some lower-priced VLSFO indications have contributed to weigh the benchmark down.

Zhoushan's VLSFO discount to Singapore stands at \$14/mt, and its VLSFO premium over Fujairah stands at \$3/mt.

A source says that low demand has kept tightness in check in the Chinese bunkering hub, with most suppliers recommending short lead times of 3-5 days across all grades – virtually unchanged from last week.

Meanwhile, VLSFO availability has improved in Singapore, with lead times of 3-5 days recommended now – down from 8-9 days last week. Lead times for HSFO, on the other hand, have increased slightly from 8-9 days last week to 9-11 days now. LSMGO remains more readily available, with prompt dates available.

All bunker fuel grades remain in ample supply in Hong Kong amid decent demand. Most suppliers are advising lead times of around seven days across all grades.

Brent

The front-month ICE Brent contract lost \$1.36/bbl on the day, to trade at \$84.82/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

The American Petroleum Institute (API) data cited by Trading Economics showed a decline of about 6.20 million bbls in US crude oil stocks in the week that ended 11 August, helping Brent futures to gain some upward support.

The Price Futures Group's market analyst Phil Flynn expected a decline of 3 million bbls, he said in a note. Oil investors are now waiting for the broadly followed US government data on crude oil stockpiles from the US Energy Information Administration (EIA).

Additionally, the US Strategic Petroleum Reserves (SPR) plunged below 350 million bbls in the week to 4 August, according to EIA. This is the lowest level since August 1983. Travel during the summer season in the US is expected to drive oil demand in the world's largest consumer, the EIA said.

Downward pressure:

Brent futures came under pressure due to concerns about a slow pace of economic recovery in China against the backdrop of consecutive COVID-19 outbreaks.

"China concerns and a stronger USD ensured some downward pressure not just for oil, but the broader commodities complex," said ING's head of commodities strategy Warren Patterson.

Moreover, oil traders are anxious about more aggressive monetary tightening by the US Federal Reserve (Fed) when they convene for the next policy meeting in September. "The [Chinese] concerns were exacerbated by resurfacing anxieties about a more aggressive stance from the US Federal Reserve, causing a wholesale lack of interest in high-risk assets [commodities like crude oil]," said SPI Asset Management's analyst Stephen Innes.

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