

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

21/08/23

Prices have moved up in major Asian bunker hubs, and availability remains good across all grades in Zhoushan.

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

- **VLSFO prices up in Zhoushan (\$20/mt), Fujairah (\$14/mt) and Singapore (\$11/mt)**
- **LSMGO prices up in Singapore (\$22/mt), Fujairah (\$14/mt) and Zhoushan (\$9/mt)**
- **HSFO380 prices up in Singapore (\$14/mt), Zhoushan (\$13/mt) and Fujairah (\$10/mt)**

Most bunker benchmarks in East of Suez ports have mirrored Brent's rise and gained over the weekend. Zhoushan's VLSFO price has risen by \$20/mt – the steepest among major Asian bunker hubs. Some higher-priced VLSFO indications over the weekend have lent support to the benchmark's upward push.

Zhoushan's sharp VLSFO price rise has meant that its VLSFO premiums over Fujairah and Singapore have widened to \$17/mt and \$10/mt, respectively.

A source says that all grades remain in ample supply in Zhoushan amid low demand. Most suppliers are recommending short lead times of 3-5 days across all grades – virtually unchanged from last week.

Meanwhile, VLSFO availability has been getting tighter in Singapore, with lead times going up from 3-5 days last week to 7-11 days now. Lead times for HSFO, on the other hand, has come down from 9-11 days last week to 6-8 days now. LSMGO remains readily available, with unchanged lead times of 2-3 days.

Availability remains good across all bunker fuel grades in Hong Kong, with most suppliers advising lead times of around seven days – almost unchanged from last week.

Brent

The front-month ICE Brent contract has gained \$1.04/bbl on the day from Friday, to trade at \$85.20/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained upward momentum due to concerns about tight global supply amid a slowdown in exports from Saudi Arabia and Russia. Earlier this month, both countries pledged to extend their supply cuts into September.

Saudi Arabia pledged to extend its voluntary production cuts of 1 million b/d into September, while Russia announced to slash its output by 300,000 b/d. Several market analysts expect oil exports from OPEC+ to come down this month.

Downward pressure:

Growing concerns about more interest rate hikes by the US Federal Reserve (Fed) kept a lid on the Brent price's gain. Higher interest rates make the greenback stronger against other currencies, which in turn could dampen demand growth for dollar-denominated commodities like crude oil.

Fed officials are expected to discuss inflation and deliver necessary policy changes at the next Federal Open Market Committee (FOMC) meeting on 19 and 20 September.

“Fed Chair [Jerome] Powell’s speech will reiterate that more rate hikes might be needed and that rates should stay higher for longer,” OANDA’s senior market analyst Ed Moya said.

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