ENGINE: East of Suez Physical Bunker Market Update

07/09/23

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Prices have moved up in major Asian bunker hubs, and availability across all grades has improved in Hong Kong.

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

- **VLSFO prices up in Singapore ($10/mt), Fujairah and Zhoushan ($6/mt)**

- **LSMGO prices up in Fujairah ($33/mt), Singapore ($13/mt) and Zhoushan ($9/mt)**

- **HSFO prices up in Fujairah ($21/mt), Singapore ($11/mt) and Zhoushan ($5/mt)**

Bunker benchmarks in East of Suez ports have gained in the past day, mirroring Brent's rise. Singapore's VLSFO price rose by $10/mt – the steepest among three major Asian bunker hubs. Five VLSFO stems have been fixed in a wide range of $27/mt in the port, with some stems featured at the higher end of the range supporting the benchmark's upward push.

Singapore's VLSFO price rise has meant that its VLSFO price has moved up from yesterday's parity levels to Fujairah, to a slight premium of $4/mt now. On the other hand, Singapore's VLSFO discount to Zhoushan stands at $12/mt.

Securing VLSFO stems in Singapore can be difficult, with some suppliers recommending lead times of 8-10 days – almost unchanged from last week. HSFO lead times are unchanged at 6-10 days. Availability of LSMGO remains good, with shorter lead times of 2-4 days recommended.

Availability across all grades has improved in Hong Kong, with lead times halving from almost 14 days last week to around seven days now

Brent

The front-month ICE Brent contract has gained $1.08/bbl on the day, to trade at $90.36/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures extended gains, after the top two exporters from the Organization of the Petroleum Exporting Countries and its allies' group (OPEC+) announced the extension of voluntary oil supply cuts through the end of this year.

Earlier this week, Saudi Arabia and Russia decided to extend output cuts till December to stabilize the oil market.

“This decision [extension of voluntary cuts] reflects a strategic approach by OPEC+, which is in no hurry to ramp up production, considering that commercial stocks and time spreads remain moderately below or above their historical averages,” said SPI Asset Management’s managing partner Stephen Innes.

Brent futures drew additional support after the American Petroleum Institute (API) reported a 5.52 million bbls-draw in US crude oil inventories in the week that ended 1 September.

The broadly followed US government data on crude oil stockpiles from the US Energy Information Administration (EIA) is due later today.

Downward pressure:

Downward pressures acting on Brent futures this week trail back to the persistent fear about bleak economic recovery in China. Demand growth in the world’s second-largest economy has been under serious pressure due to recurring COVID-19 outbreaks in the country.

“Oil prices are pulling back on concerns allegedly that China’s economy is tanking,” said Price Futures Group’s senior market analyst Phil Flynn.

Even with China’s pledge to revamp consumption in ten different economic sectors, market analysts fear that Brent’s gains will be capped if the country fails to combat the current economic downturn.

By Tuhin Roy and Aparupa Mazumder