ENGINE: East of Suez Physical Bunker Market Update

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Most prices have moved up in East of Suez ports, and prompt availability has improved across all grades in Zhoushan.

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

- **VLSFO prices up in Fujairah and Zhoushan ($7/mt), and down in Singapore ($3/mt)**
- **LSMGO prices up in Zhoushan ($32/mt), Fujairah ($19/mt) and Singapore ($14/mt)**

- **HSFO prices up in Singapore ($15/mt), Fujairah ($8/mt) and Zhoushan ($5/mt)**

Most bunker benchmarks in major Asian bunker hubs have gained in the past day. But Singapore's VLSFO price has moved counter to the general market direction and declined by $3/mt. Three VLSFO stems were fixed in Singapore in a wide range of $37/mt in the past day. One stem at the lower end of the range contributed to drag the benchmark down.

Singapore's price decline has meant that its VLSFO premium over Zhoushan has flipped to a discount of $7/mt. The Southeast Asian bunker hub's VLSFO discount to Fujairah has also narrowed by $10/mt to just $7/mt now.

Prompt availability of both VLSFO and HSFO remains tight in Singapore, with most suppliers recommending lead times of 8-11 days and 7-9 days – almost unchanged from last week. LSMGO remains more readily available, with short lead times of 2-4 days.

Improved barge availability and low bunker demand have contributed to boost prompt availability for all grades in Zhoushan, a source says. Some suppliers, that were offering all grades at lead times of 4-7 days at the end of last week, are now advising shorter lead times of 3-5 days.

Meanwhile, recommended lead times vary widely between 3-14 days for all grades in South Korean ports. Some suppliers were offering all grades at lead times of 7-13 days last week. Bunker demand is "not too bad" in South Korean ports, a source says.

Rough weather conditions are forecast in the South Korean ports of Ulsan, Onsan, Busan and Yeosu between 15-17 September, and in Daesan and Taean between 15-16 September, which might hamper bunker deliveries at these ports.

Brent

The front-month ICE Brent contract has moved up $0.91/bbl on the day, to trade at $91.16/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent crude futures remain well-supported amid tight supply in the global market. The front-month ICE Brent contract rose above the $90/bbl mark earlier this month, after Saudi Arabia and Russia announced extended supply cuts through the end of this year.

The total supply cut pledged by Saudi Arabia and Russia until December 2023 sums up to about 1.3 million b/d.

The supply cuts have pushed oil prices higher, said the Price Futures Group’s senior market analyst Phil Flynn. Moreover, "we should see more crude draws this week [in the US], he said.

Downward pressure:

Brent futures face some downward pressure amid fears of more interest rate hikes this year by the US Federal Reserve (Fed) and other central banks.

Analysts have said that Brent’s gains will be capped if Fed officials decide to have another round of interest rate hike when they meet in November.

Additionally, the European Central Bank (ECB) is expected to decide on interest rate hike later this week.

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