ENGINE: East of Suez Physical Bunker Market Update

13/09/23

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Prices have moved up in major Asian bunker hubs, 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 ($10/mt), Zhoushan ($9/mt) and Singapore ($4/mt)**
- **LSMGO prices up in Zhoushan ($15/mt), Singapore ($12/mt) and Fujairah ($11/mt)**

- **HSFO prices up in Zhoushan ($14/mt), Fujairah ($7/mt) and Singapore ($2/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's upthrust and gained in the past day.

Securing prompt stems of VLSFO and HSFO can be difficult in Singapore, with several suppliers advising lead times of 8-11 days and 7-9 days – almost unchanged from last week. Availability of LSMGO remains good, with shorter lead times of 2-4 days recommended.

Meanwhile, bunker demand in Hong Kong has been weak as the bunker prices at the port have been higher compared to neighbouring bunkering hub Singapore. This has resulted in vessels opting to make bunker calls in Singapore instead, a source says.

Hong Kong's VLSFO, LSMGO and HSFO premiums over Singapore's grades stand at $39/mt, $39/mt and $31/mt, respectively.

Most suppliers in Hong Kong are recommending lead times of around 5-7 days across all grades – almost unchanged from last week.

A source says prompt availability has been boosted in Zhoushan by improved barge availability and low bunker demand. Lead times have come down from 4-7 days last week to 3-5 days now.

Brent

The front-month ICE Brent contract has gained $1.44/bbl on the day, to trade at $92.60/bbl at 17.00 SGT (09.00 GMT).

Upward pressure

Oil prices remained supported amid growing concerns about supply tightening in the global market. These concerns have exacerbated after Saudi Arabia and Russia decided to extend production cuts through the end of 2023.

Brent futures gained more support after Libya's state-owned National Oil Corporation (NOC) advised its affiliated oil companies to halt operations due to heavy flooding caused by Hurricane Daniel. Four of Libya's eastern oil export terminals were closed due to the hurricane, Reuters reported.

Additionally, the Organization of the Petroleum Exporting Countries (OPEC) has projected total world oil demand to average 102.1 million b/d in 2023 and increase to average 104.3 million b/d in 2024.

"The OPEC report gave [oil] prices an extra boost," said OANDA's market analyst Criag Erlam.

Downward pressure:

Meanwhile, the American Petroleum Institute (API) has reported a 1.17 million bbls-rise in US crude inventories in the week ended 8 September.

Oil investors are now waiting for the US Consumer Price Index (CPI) data due later today to get fresh cues about inflationary pressures. A softer inflation data could avert an immediate hike in the interest rate by the US Federal Reserve (Fed), which in turn could drive demand for dollar-denominated commodities.

However, the current surge in Brent's price might prompt the Fed to hike interest rates later this year, commented SPI Asset Management's managing partner Stephen Innes.

"While the current surge might not tip the scales to a September hike, oil prices at + $90 per barrel do fit the Fed criteria that would justify another rate increase in either November or December," he added in a note.

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