



## ENGINE: East of Suez Physical Bunker Market Update

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VLSFO prices in East of Suez ports have moved in mixed directions, and prompt availability of all grades remain tight in Fujairah.

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

- VLSFO prices up in Fujairah (\$6/mt), unchanged in Zhoushan, and down in Singapore (\$1/mt)
- LSMGO prices down in Zhoushan (\$10/mt), Fujairah (\$8/mt) and Singapore (\$5/mt)

- **HSFO prices unchanged in Fujairah, and down in Singapore (\$2/mt) and Zhoushan (\$14/mt)**

VLSFO prices in major Asian bunker hubs have moved in mixed directions in the past day. Fujairah's VLSFO price has risen by \$6/mt in the past day, helped by a higher-priced VLSFO stem fixed in the port. VLSFO price in Zhoushan has held steady in the past day, while Singapore's VLSFO declined.

Fujairah's price rise has meant that its VLSFO discount to Singapore has been erased, and stands at a marginal premium of \$6/mt now. On the other hand, Fujairah's VLSFO discount to Zhoushan has almost halved to \$7/mt.

Prompt availability of all bunker fuel grades remains tight in Fujairah amid good demand. Several suppliers are recommending unchanged lead times of 5-7 days, but some can still offer all grades for prompt delivery dates depending on stem sizes, a source says.

The other UAE port of Khor Fakkan has good availability across all grades, with lead times of 5-7 days advised.

Bad weather is forecast in the Kiwi port of Tauranga in periods between today and Sunday, which might disrupt bunker operations.

## **Brent**

The front-month ICE Brent contract has inched down \$0.05/bbl on the day, to trade at \$92.55/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Saudi Arabia and Russia's decision to extend supply cuts through the end of 2023 have helped Brent futures to gain this week.

"As long as OPEC+ is committed to export and production curtailments, oil prices will remain firm during the current levels of record demand," said SPI Asset Management's managing partner Stephen Innes.

Recent surge in oil prices also suggests that "the latest efforts of Saudi Arabia and Russia are working in tightening the markets and boosting prices after multiple failed efforts," said OANDA's market analyst Craig Erlam.

Additionally, the International Energy Agency (IEA) has forecast global oil demand to grow by 2.20 million b/d to 101.8 million b/d in 2023 due to strong consumption in China, and higher jet fuel demand.

### **Downward pressure:**

Downward pressures acting on Brent futures today include news that Libya has resumed oil supply from its four major ports, which were closed since Saturday after being hit by floods due to Hurricane Danielle

The four ports situated in Eastern Libya resumed operations on Wednesday, Reuters reported, citing port agent Al Omran International Maritime Agencies.

Moreover, US core inflation rose 8 basis-points above the market consensus in August, Innes said. A higher-than-expected inflation reading has triggered concerns about yet another interest rate hike by the US Federal Reserve (Fed).

"The CPI (Consumer Price Index) report adds some uncertainty about its [Fed's] November decision, especially with OPEC+ leaders possibly targeting Brent prices very much at the upper end of or slightly above, the \$80-100/bbl range," Innes said.

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