

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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HSFO prices have moved down in East of Suez ports, and availability of all grades remain good in Zhoushan.

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

- **VLSFO prices up in Singapore (\$4/mt), and down in Fujairah and Zhoushan (\$4/mt)**
- **LSMGO prices up in Singapore (\$10/mt) and Fujairah (\$1/mt), and down in Zhoushan (\$17/mt)**
- **HSFO prices down in Zhoushan (\$16/mt), Singapore (\$8/mt) and Fujairah (\$5/mt)**

Singapore's VLSFO price has gained \$4/mt over the weekend, while the grade's prices in Fujairah and Zhoushan have declined. A higher-priced VLSFO indication in Singapore supported the benchmark's upward movement.

The Southeast Asian bunker hub's VLSFO price rise has erased the port's discounts to Zhoushan and Fujairah and now stands at marginal premiums of \$1/mt and \$2/mt, respectively.

Securing VLSFO and HSFO stems can be difficult in Singapore, with most suppliers recommending lead times of 9-13 days and 7-9 days, respectively – virtually unchanged from last week. LSMGO remains readily available in the port, with short lead times of 2-4 days advised.

Meanwhile, HSFO prices in East of Suez ports have dropped over the weekend. Zhoushan's HSFO prices have fallen by \$16/mt – steepest among three major Asian hubs. Three lower-priced HSFO stems fixed in the Chinese bunkering hub have contributed to drag the benchmark down.

Despite Zhoushan's HSFO steep price decline, it continues to price its HSFO at elevated levels in both Fujairah and Singapore. The Chinese bunkering hub's HSFO premiums over Fujairah and Singapore stand at \$24/mt and \$13/mt, respectively.

All grades remain readily available in Zhoushan amid low bunker demand, with several suppliers recommending unchanged lead times of 3-5 days. But bad weather is forecast in the port between 19-20 September, which might disrupt bunker deliveries at the port, a source says.

Brent

The front-month ICE Brent contract has lost \$0.06/bbl on the day from Friday, to trade at \$93.99/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained support after market intelligence provider JLC reported that China's crude refining run rate hit a record high in August amid strong demand.

China processed 64.69 million mt of crude in August with a daily throughput of 15.23 million b/d, an increase of 19.6% from August 2022, JLC reported citing data released by China's National Bureau of Statistics (NBS).

Energy analysts expect that signs of improvement in China's economy will help boost demand growth in the country. "The short-term crude demand outlook gets a boost from improving Chinese economic data," said OANDA's senior market analyst Ed Moya.

Downward pressure:

The upcoming decision by the US Federal Reserve (Fed) on interest rate hike is a "significant focal point" for oil investors, said SPI Asset Management's managing partner Stephen Innes. US Fed officials are scheduled to meet at the Federal Open Market Committee (FOMC) meeting on 19-20 September

The recent surge in oil prices can add further inflationary pressure and prompt the Fed to continue raising interest rates, Innes said.

"The Fed may continue its efforts to combat inflation and gradually normalize monetary policy as it monitors economic conditions and inflationary pressures," added Innes.

Higher interest rates discourage borrowing and spending, which leads to a decline in economic activity and fuel demand.

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