

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Most bunker prices in East of Suez ports have moved up over the weekend, and availability of all grades remains good in Hong Kong.

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

- **VLSFO prices up in Fujairah (\$15/mt) and Singapore (\$6/mt), and down in Zhoushan (\$6/mt)**
- **LSMGO prices up in Fujairah (\$17/mt), Singapore (\$11/mt) and Zhoushan (\$6/mt)**
- **HSFO prices up in Singapore (\$12/mt), Fujairah (\$9/mt) and Zhoushan (\$2/mt)**

Zhoushan's VLSFO price has declined \$15/mt over the weekend, while the grade's prices in Fujairah and Singapore have gained \$15/mt and \$6/mt, respectively. Three lower-priced VLSFO stems fixed in Zhoushan over the weekend have contributed to drag the benchmark down.

Zhoushan's price decline has meant that its VLSFO premiums over Fujairah and Singapore have been erased and now stand at marginal discounts of \$1/mt and \$7/mt, respectively.

A source says low bunker demand has kept tightness in check across all grades in the Chinese bunkering hub, with most suppliers recommending unchanged lead times of 3-5 days.

VLSFO availability has been getting tighter in Singapore, with lead times going up from 6-10 days last week to 9-13 days now. Prompt availability of HSFO remains tight in the port, with most suppliers advising lead times of 6-9 days – virtually unchanged from last week. On the other hand, LSMGO remains readily available, with short lead times of 2-4 days.

Meanwhile, all bunker fuel grades remain in good supply in Hong Kong, with lead times of 5-7 days recommended.

Strong wind gusts of 21-27 knots and swells of more than a metre are forecast to hit Hong Kong between 1-2 October, which might disrupt bunker deliveries.

Brent

The front-month ICE Brent contract has moved up \$0.18/bbl on the day from Friday, to trade at \$93.86/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

The market has looked past last week's US interest rate freeze and reshifted its focus back to tight supply. Russia's temporary ban on road fuel exports has continued to help Brent futures move upward.

"The oil market has held relatively steady in recent days with tightness in the physical market coupled with Russia's recent export ban on diesel and gasoline," said analysts at ING.

"Russia yielded its energy weapon by banning exports of diesel and gasoline in a market that is short of both," said the Price Futures Group's senior market analyst Phil Flynn.

Downward pressure:

The surge in oil prices has contributed to an "uptick in headline inflation," said SPI Asset Management's managing partner Stephen Innes. This is "raising concerns about the impact on consumers and the [US] Federal Reserve's [Fed] next actions," he added

Even though the US Fed kept its interest rates unchanged in the latest the US Federal Open Market Committee (FOMC) meeting, market analysts expect this "hawkish" pause in the hiking cycle to keep the window open for future rate hikes.

Higher interest rates can put further downward pressure on Brent as it affects consumer spending and fuel demand.

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