ENGINE: East of Suez Physical Bunker Market Update

27/09/23

Prices have moved up in East of Suez ports, and availability of all grades has tightened in China's Zhoushan.

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

- **VLSFO prices up in Singapore and Fujairah ($19/mt), and Zhoushan ($14/mt)**
- **LSMGO prices up in Fujairah ($32/mt), Zhoushan ($24/mt) and Singapore ($20/mt)**
- **HSFO prices up in Singapore ($16/mt), Zhoushan ($15/mt) and Fujairah ($14/mt)**

Bunker benchmarks in major Asian bunker hubs have tracked Brent's upward movement and regained some values in the past day. VLSFO prices in three major East of Suez ports have gained in a range of $14-19/mt.

Zhoushan continues to price its VLSFO at elevated levels to both Fujairah and Singapore. The Chinese bunkering hub's VLSFO premiums over Fujairah and Singapore stand at $11/mt and $1/mt, respectively.

Prompt availability across all grades has become tighter in Zhoushan, as several suppliers have extended their delivery lead times due to upcoming holidays in China. The Mid-Autumn Festival and National Day holidays will be observed in the country from 29 September to 8 October.

Suppliers in Zhoushan have cautioned about bunkering delays during the holiday period, recommending lead times of up to two weeks – up from 3-5 days last week.

VLSFO availability has also come under pressure in Singapore due to product loading delays at oil terminals, with lead times for the grade 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 unchanged lead times of 6-9 days.

LSMGO, on the other hand, remains in good supply in Singapore with prompt dates available.

Brent

The front-month ICE Brent contract has gained $2.49/bbl on the day, to trade at $94.77/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent has reversed losses from earlier this week as production cuts by the top OPEC+ producers Saudi Arabia and Russia have come back to the centre of attention.

“The global undersupply of oil should show up again in this week’s inventory data,” said Price Futures Group’s senior market analyst Phil Flynn.

OPEC+ supply cuts have contributed to limit global supply of medium-sour and heavy-sour crude oils and increased their prices globally, the US Energy Information Agency (EIA) recently said in a report.

Additionally, tension around China’s deteriorating economy have eased some after the People’s Bank of China (PBoC) vowed to support the country’s economy at the third-quarter Monetary Policy Committee (MPC) meeting held earlier this week.

This news has helped oil traders gain confidence in China's demand growth projections and put upward pressure on Brent futures. “Regardless of what you hear about the Chinese economy, their [China’s] oil demand and their refinery runs are still near record highs,” Flynn added.

Downward pressure:

Commercial US crude inventories rose by 1.59 million bbls in the week ending 22 September, according to an estimate by the American Petroleum Institute (API), cited by Trading Economics.

This week’s data “marked the second gain in US crude oil inventories in the last seven weeks,” reported Trading Economics. Oil market analysts expected a fall of 1.65 million bbls.

Meanwhile, Russian recently announced ban on gasoline and diesel exports has been moderated by Moscow. The country has now exempted higher-sulphur gasoil and bunker fuel sales from the ban, according to a government document released on Monday

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