
# ENGINE: East of Suez Physical Bunker Market Update

**28/09/23**

Prices in major Asian bunker hubs have moved up, and prompt availability of all grades remains tight in Fujairah.

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

- **VLSFO prices up in Fujairah ($27/mt), Singapore ($22/mt) and Zhoushan ($21/mt)**
- **LSMGO prices up in Fujairah ($45/mt), Zhoushan ($10/mt) and Singapore ($4/mt)**
- **HSFO prices up in Fujairah ($21/mt), Singapore ($17/mt) and Zhoushan ($11/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's upthrust and surged for the second consecutive day. Fujairah's VLSFO price has gained $27/mt– steepest among three major Asian bunker hubs. Four VLSFO stems were fixed in Fujairah in a wide range of $22/mt in the past day, with some stems at the higher end of the range supporting the benchmark's upward movement.

Despite Fujairah's steep VLSFO price rise, the Middle Eastern bunker hub's VLSFO discounts to both Singapore and Zhoushan stand at $5/mt.

Fujairah's LSMGO price has also jumped by $45/mt in the past day, and to its highest level since April. Some higher-priced LSMGO stems have contributed to push the benchmark up. This has meant Fujairah's LSMGO discount to Zhoushan has been erased and now stands at a premium of $45/mt. The port's LSMGO premium over Singapore has widened significantly by $45/mt to $54/mt now.

A source says product loading delays at oil terminals along with good demand have put pressure on LSMGO supply in Fujairah. This has pushed the grade's prices higher. Most suppliers are recommending lead times of around seven days for the grade.

Prompt availability of VLSFO and HSFO also remains tight, with lead times of 5-7 days advised. Some suppliers can still offer prompt dates for all grades depending on stem sizes, the source adds.

Meanwhile, all grades remain in good supply in the other UAE port of Khor Fakkan, with unchanged lead times of 5-7 days recommended.

**Brent**

The front-month ICE Brent contract has gained $1.99/bbl on the day, to trade at $96.76/bbl at 17.00 SGT (09.00 GMT).

**Upward pressure:**

Tight supply in the global crude oil market continued to push Brent futures higher.

“Oil prices are back on the rise as a global supply shortfall is becoming more evident,” said Price Futures Group’s senior market analyst Phil Flynn.

Commercial US crude inventories fell by 2.17 million bbls on the week, to 416.29 million bbls on 22 September, the US Energy Information Administration (EIA) reported on Wednesday.

Moreover, production cuts by the top OPEC+ producers Saudi Arabia and Russia are making the oil market “extremely tight,” OANDA’s market analyst Craig Erlam said. These measures have “got people talking about $100/bbl oil again,” he further added.

**Downward pressure:**

Meanwhile, Brent’s rally towards $100/bbl mark might diminish due to demand worries and as oil analysts expect the US Federal Reserve (Fed) to hike interest rates in the coming months.

Central banks around the world remain committed to keeping inflation levels under control, according to analysts.

“[Oil] markets will be closely looking for any indication about what the Fed [officials] could do at their meetings later in the year,” said ING’s head of commodities strategy Warren Patterson.

More rate-hike cycles could increase the borrowing costs for non-dollar currency holders, which could dampen demand for dollar-denominated assets like crude oil.

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