

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

29/09/23

Prices have moved down in East of Suez ports, and VLSFO and HSFO availability remains tight in Singapore. Changes on the day to 17.00 SGT (09.00 GMT) today:

- **VLSFO prices down in Fujairah and Zhoushan (\$18/mt), and Singapore (\$17/mt)**
- **LSMGO prices down in Fujairah (\$50/mt), Zhoushan (\$24/mt) and Singapore (\$19/mt)**
- **HSFO prices down in Fujairah (\$17/mt), Zhoushan (\$12/mt) and Singapore (\$11/mt)**

Bunker benchmarks in major Asian bunker hubs have tracked Brent's downward movement and declined after gaining for two consecutive days. VLSFO prices in East of Suez ports have fallen in the range of \$17-18/mt in the past day.

Singapore's VLSFO price has dropped \$17/mt in the past day. Its VLSFO premium over Fujairah stands at \$6/mt. The Southeast Asian bunker hub's VLSFO price has moved up from yesterday's parity levels to Zhoushan, to a marginal premium of \$1/mt now.

Product loading delays at oil terminals have put pressure on VLSFO availability in Singapore, with most suppliers recommending lead times of 9-13 days – up from 6-10 days last week. Availability of HSFO also remains tight in the port, with lead times of 7-10 days recommended.

On the other hand, Singapore has a good supply of LSMGO, with short lead times of 2-5 days recommended.

All grades remain in good supply in Hong Kong, with unchanged lead times of 5-7 days.

Brent

The front-month ICE Brent contract has lost \$1.65/bbl on the day, to trade at \$95.11/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Tight crude oil supply in the global market amid output reductions and export cuts by the top OPEC+ producers Saudi Arabia and Russia have pushed Brent futures higher this week

Russia's energy minister Nikolai Shulginov said on Thursday that the country will not lift its ban on fuel exports until the domestic fuel supply and prices stabilise, Reuters reported citing TASS.

Even though the Russian government made some amendments to its temporary export ban last week by lifting restrictions on bunker fuel sales, Shulginov reaffirmed that "expectations of a quick lifting of the fuel export ban are futile," TASS reported.

Oil traders are now waiting for fresh cues from the OPEC+ producers' joint ministerial meeting scheduled on 4 October. The member countries are expected to discuss further supply reduction plans in the meeting.

Downward pressure:

Meanwhile, Brent's recent upward rally has triggered concerns about more inflationary pressures, which could prompt the US Federal Reserve (Fed) and other central banks to hike interest rates later this year.

"Lingering in the back of traders' minds are concerns that higher oil prices will help keep inflation elevated and lead to additional interest-rate hikes later this year," said SPI Asset Management's managing partner Stephen Innes.

Moreover, Brent futures shed yesterday's gains as the oil market is in "overbought territory", commented analysts at ING.

"Brent struggled to hold onto gains made in the early part of the trading session. There is likely reluctance amongst participants to push too much higher right now with the market clearly in overbought territory," they added..

By Tuhin Roy and Aparupa Mazumder

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com