

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

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Prices in East of Suez ports have moved down, and prompt availability remains tight across all grades in Fujairah.

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

- **VLSFO prices down in Fujairah (\$36/mt), Singapore (\$25/mt) and Zhoushan (\$20/mt)**
- **LSMGO prices down in Fujairah (\$33/mt), Zhoushan (\$26/mt) and Singapore (\$21/mt)**
- **HSFO prices down in Singapore (\$22/mt), Fujairah and Zhoushan (\$20/mt)**

Bunker benchmarks in East of Suez ports have tracked Brent's downward movement and slumped over the weekend. Fujairah's VLSFO price has declined \$36/mt – steepest among three major Asian bunker hubs. A lower-priced VLSFO stem fixed in Fujairah over the weekend has contributed to drag down the benchmark.

Fujairah's steep VLSFO price decline has meant that its VLSFO discounts to Zhoushan and Singapore have widened by \$16/mt and \$11/mt, respectively, to \$21/mt and \$17/mt.

Prompt availability continues to remain tight across all grades in the UAE port amid good demand, with several suppliers recommending lead times of 5-7 days. Some suppliers can still offer prompt dates for all grades depending on stem sizes, a source says.

VSFO availability remains tight in Singapore, with lead times of 8-11 days advised. A source says that some suppliers have extended their delivery lead times for the grade due to term contract commitments, which has pushed the lead times up.

Lead times of 6-9 days and 3-5 days are recommended for HSFO and LSMGO at the Southeast Asian bunkering hub – virtually unchanged from last week.

Meanwhile, availability of all grades remains good in Hong Kong, with unchanged lead times of 5-7 days. Bad weather is forecast in Hong Kong on 7 October, which might disrupt bunker deliveries, a source says.

## **Brent**

The front-month ICE Brent contract has shed \$2.49/bbl on the day from Friday, to trade at \$92.73/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Brent futures have gained over 10% in September despite a slight decline in price from recent highs.

Money managers, such as energy-focussed hedge fund investors have 289,265 long positions in Brent futures, compared to 51,422 short positions as of 22 August, according to Commitments of Traders data released by the Commodity Futures Trading Commission. More long positions than short positions indicate that money managers expect Brent futures to rise in the near future.

Energy-focussed hedge fund investor, Eric Nuttall maintains a "bullish" outlook for oil prices. "Demand is at a record high, inventories are at a multi-year low and headed lower, and OPEC+ under the leadership of [Saudi energy minister Abdulaziz bin Salman Al Saud] HRH ABS is determined to provide stability to the oil price," says Nuttall.

A potential increase in international travel during China's Golden Week holiday further bodes well for Brent's price.

The Chinese Civil Aviation Administration expects to handle more than 21 million passenger trips during the Golden Week holiday period, state-owned media agency Xinhua has reported. Data from Trip.com shows that domestic tour bookings for the holiday period increased 400% over the previous year, Xinhua adds.

### **Downward pressure:**

Sources indicate that the OPEC+ panel is unlikely to tweak oil policy at Wednesday's ministerial meeting, according to Reuters. National Australia Bank has also predicted an increase in Saudi Arabia's willingness to reduce voluntary output cuts, Reuters says.

"US senators and Western media have confirmed the increase in Iran's oil production and exports despite sanctions over the past two years," Iran's state-owned media agency IRNA reported citing Iranian Oil Minister Javad Owji.

Increasing Iranian oil supply on the international market could offset Saudi Arabia's and Russia's voluntary production cuts. This, in turn, will reduce crude oil shortages across the market and cool down Brent's price.

Turkish energy minister Alparslan Bayraktar has confirmed that Turkey will restart operations on the 470,000 b/d Ceyhan oil pipeline from Iraq, according to Reuters.

*By Tuhin Roy and Konica Bhatt*

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