ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved in mixed directions 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 up in Singapore ($10/mt), Fujairah ($8/mt), and down in Zhoushan ($1/mt)**
- **LSMGO prices up in Zhoushan ($43/mt) and Fujairah ($18/mt), and down in Singapore ($2/mt)**
- **HSFO prices up in Fujairah ($9/mt), and down in Singapore ($7/mt) and Zhoushan ($6/mt)**

Singapore and Fujairah’s VLSFO benchmarks have moved counter to Brent’s decline and gained in the past day. A total of five VLSFO stems, four in Singapore and one in Fujairah, were fixed at higher prices, contributing to the benchmarks' resistance against Brent's downward pull.

Zhoushan's VLSFO price, meanwhile, inched slightly lower on the day. Its premium over Fujairah and Singapore stands at $18/mt and $11/mt, respectively.

The Chinese bunkering hub’s LSMGO price surged $43/mt in the past day – steepest among three major Asian hubs. Zhoushan’s LSMGO premium over Singapore stands at $28/mt, while its LSMGO discount to Fujairah stands at $11/mt.

Bunkering activity remains muted in Zhoushan due to the Mid-Autumn Festival and National Day holidays observed from 29 September to 8 October in the country. Most suppliers will resume bunker deliveries from Monday after the holiday period, a source says.

VLSFO availability remains tight in Singapore, with lead times of 7-10 days recommended. HSFO availability has been getting tighter in the port, with lead times going up from 6-9 days last week to 11-15 days now.

LSMGO remains more readily available in Singapore, with shorter lead times of 2-5 days.

Brent

The front-month ICE Brent contract has inched lower by $0.21/bbl on the day, to trade at $90.50/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Oil traders are looking out for fresh cues about market supply from the Joint Ministerial Monitoring Committee (JMMC) meeting convened by the members of the Organization of the Petroleum Exporting Countries and its allies (OPEC+).

Analysts expect OPEC+ producers to continue their oil production cuts to keep supplies tight in the global market.

Moreover, OPEC's secretary general Haitham Al Ghais told the BBC in an interview yesterday that global oil demand is expected to grow by around 2.4 million b/d in 2023.

Brent futures gained more support after the American Petroleum Institute (API) reported a drop in US crude oil stocks. US commercial crude inventories dropped by 4.21 million bbls in the week ended 29 September, according to the API data cited by Trading Economics.

Downward pressure:

The US Federal Reserve (Fed) chose to keep its interest rates unchanged at its latest meeting, but many market analysts believe that inflationary pressures could prompt the Fed to raise interest rates later this year.

US Fed officials will meet again in November to discuss monetary policy at the Federal Open Market Committee (FOMC) meeting.

"To prevent them [US Fed] from implementing a rate hike on November 1 [FOMC meeting], there must be continued evidence that core inflation is easing," said SPI Asset Management's managing partner Stephen Innes.

Higher interest rates increase borrowing cost for non-dollar holders, thereby hampering demand for commodities like oil.

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