ENGINE: East of Suez Physical Bunker Market Update

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Prices in East of Suez ports have moved down, and HSFO availability has tightened in Singapore.

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

- **VLSFO prices down in Fujairah ($38/mt), Zhoushan ($34/mt) and Singapore ($33/mt)**
- **LSMGO prices down in Singapore ($68/mt), Fujairah ($51/mt) and Zhoushan ($50/mt)**
- **HSFO prices down in Fujairah and Zhoushan ($28/mt), and Singapore ($26/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's downturn and declined in the past day. VLSFO benchmarks have fallen in a range of $33-38/mt. Meanwhile, LSMGO prices have made steeper declines in a range of $50-68/mt.

Fujairah's VLSFO benchmark has declined $38/mt – steepest among three major Asian hubs. A lower-priced VLSFO stem fixed in the port has contributed to drag down the benchmark. Fujairah's VLSFO discounts to Zhoushan and Singapore have widened to $22/mt and $12/mt, respectively.

Good bunker demand has kept prompt availability for all grades under pressure in Fujairah, with most suppliers recommending lead times of 5-7 days. But some suppliers can still offer prompt dates for all grades depending on stem sizes, a source says.

Singapore's LSMGO price has come down sharply by $68/mt in the past day. A total of three LSMGO stems fixed in a wide range of $35/mt have contributed to drag the port's benchmark down. The Southeast Asian bunker hub's LSMGO discounts to Fujairah and Zhoushan stand at $56/mt and $46/mt, respectively.

LSMGO remains in good supply in Singapore, with short lead times of 2-5 days. On the other hand, HSFO availability has come under pressure due to product loading delays at oil terminals, forcing some suppliers to push back delivery lead times. Lead times of around 11-15 days are recommended for the grade – up from 6-9 days last week.

Prompt availability of VLSFO continues to remain tight in the port, with lead times of 7-10 days advised.

Brent

The front-month ICE Brent contract has plunged $5.58/bbl on the day, to trade at $84.92/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures drew some support after OPEC+ producers announced to continue their production cuts until the end of this year.

The group's top producers Saudi Arabia and Russia have decided to extend their voluntary supply cuts and export bans through this year.

“Given OPEC's pricing power, while not our base case, a push to $100 per barrel is not out of the question if OPEC+ continues to intervene in markets,” said SPI Asset Management’s managing partner Stephen Innes.

Meanwhile, the world’s third-largest importer India has urged OPEC to show “sensitivity towards consuming countries,” as the world is at a “cusp of economic recession and slowdown.”

India’s petroleum and natural gas minister Hardeep Singh Puri called on OPEC+ producers to be considerate of consuming countries like India as crude oil prices exceeded $95/bbl in September and were on track for $100/bbl.

Downward pressure:

Brent's rally towards $100/bbl was curtailed after the US Energy Information Administration (EIA) reported a massive surge in US gasoline stocks, indicating a potential decline in demand for crude oil in the future.

US Gasoline stocks gained by 6.5 million bbls on the week, to 227 million bbls on 29 September - the highest level since March.

“The current [interest] rates environment and weak gasoline market appear to have been the catalyst” to Brent’s loss, said ING Bank’s head of commodities strategy Warren Patterson.

“Gasoline inventory builds have spilled over into crude markets amid concerns about a potential 2024 recession driven by rising interest rates,” said Innes. These concerns have “caused a shift in the crude futures curve that has negatively impacted prompt crude prices,” he further added.

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