

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved down in East of Suez ports, and availability of LSMGO remains good in the Omani ports.

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

- **VLSFO prices down in Fujairah and Zhoushan (\$8/mt), and Singapore (\$6/mt)**
- **LSMGO prices down in Fujairah (\$29/mt), Zhoushan (\$21/mt) and Singapore (\$6/mt)**
- **HSFO prices down in Zhoushan (\$4/mt), Singapore (\$2/mt) and Fujairah (\$1/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's downward movement and fell in the past day. VLSFO prices in Fujairah and Zhoushan have declined by \$8/mt. Two VLSFO stems fixed in Fujairah and three in Zhoushan have added some downward price pressure.

Fujairah's VLSFO price decline has meant that its VLSFO discounts to Zhoushan and Singapore stand at \$23/mt and \$18/mt, respectively.

Prompt availability of all grades remains tight in Fujairah amid good bunker demand, with several suppliers recommending lead times of 5-7 days – virtually unchanged from last week. Some suppliers can still do prompt dates, but these deliveries depend on stem sizes, a source says.

The other UAE port of Khor Fakkan has good availability across all grades, with lead times of 5-7 days advised.

Meanwhile, the Omani ports of Muscat, Salalah, Sohar and Duqm have ample supply of LSMGO, with prompt dates available.

Brent

The front-month ICE Brent contract has lost \$0.92/bbl on the day, to trade at \$87.31/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures remained well-supported amid growing tension between the government of Israel and Palestine-based Hamas militants.

Moreover, speculations about Iran's involvement in the Middle Eastern conflict have also sparked fears of a tighter crude oil supply in 2024 as that could trigger the US to impose stricter sanctions on Iranian oil.

"There is still a risk that this [conflict] escalates, particularly if there is any Iranian involvement," said analysts from ING bank. "Under this scenario, stronger enforcement of US sanctions on Iranian oil would tighten up the oil market through 2024," they further added.

Additionally, oil market analysts expect crude oil prices to remain elevated as OPEC+ top oil producers pledged to maintain production cuts until the end of 2023.

Downward pressure:

Brent lost the previous day's gains after Reuters reported that the US government is ready to ease sanctions on Venezuelan oil. The news eased concerns about the impending supply tightness in the global oil market.

Oil traders are now waiting for fresh cues about interest rate hike from the US Federal Reserve's meeting minutes that are scheduled to be released later today.

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