
# ENGINE: East of Suez Physical Bunker Market Update

## 12/10/23

Prices have moved in mixed directions in East of Suez ports, and availability of all grades remains good in Zhoushan.

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

- **VLSFO prices up in Fujairah ($2/mt), and down in Zhoushan ($8/mt) and Singapore ($5/mt)**
- **LSMGO prices up in Singapore ($14/mt), and down in Zhoushan ($10/mt) and Fujairah ($8/mt)**
- **HSFO prices up in Zhoushan ($7/mt) and Singapore ($5/mt), and down in Fujairah ($3/mt)**

Fujairah's VLSFO price has moved counter to Brent's decline and gained slightly in the past day. A higher-priced VLSFO indication has supported the benchmark's resistance to Brent's downward pull.

Fujairah's marginal price rise has meant that its VLSFO discounts to Zhoushan and Singapore have narrowed to $13/mt and $11/mt, respectively.

Good bunker demand has kept prompt availability for all grades under pressure in Fujairah, with most suppliers recommending unchanged lead times of 5-7 days. Some can still supply the grades for prompt dates, but these deliveries depend on stem sizes, a source says.

Zhoushan and Singapore's HSFO prices have risen in the past day, while Fujairah's HSFO price has declined. Zhoushan continues to price its HSFO at elevated levels to Fujairah and Singapore. The Chinese bunkering hub's HSFO discounts to Fujairah and Singapore stand at $42/mt and $28/mt, respectively.

All grades remain in good supply in Zhoushan because of low bunker demand, with several suppliers advising lead times of 3-5 days.

**Brent**

The front-month ICE Brent contract has shed $0.63/bbl on the day, to trade at $86.68/bbl at 17.00 SGT (09.00 GMT).

**Upward pressure:**

Brent futures gained some upward support this week on reports that crude oil supply in the global market will remain tight this year.

The global oil market is expected to remain tight through the end of 2023 and in the first quarter of 2024, the US Energy Information Administration (EIA) said in its October short-term energy report.

The EIA has forecast global oil inventories to fall by 200,000 b/d in the remainder of the year due to the OPEC+ nations' pledge to continue supply cuts. The energy agency has forecast Brent spot price to average $95/bbl in 2024, indicating an upward revision of $7/bbl from its September outlook.

"We expect OPEC+ members will decrease their crude oil production by 0.3 million b/d [300,000 b/d] in 2024 compared with this year," the energy watchdog said.

**Downward pressure:**

Brent futures extended losses after the American Petroleum Institute (API) reported a surprise build in US crude stocks. US commercial crude inventories soared by 12.94 million bbls in the week ended 6 October, according to the API data cited by Trading Economics.

“Lower refinery run rates due to maintenance likely contributed to this [US inventory] build,” said oil market analysts from ING Bank. The more widely followed EIA report will be released later today.

Meanwhile, Iran’s supreme leader Ali Khamenei has denied any Iranian involvement in the attacks planted by Hamas on Israel. According to oil market analysts, the US may not impose stricter sanctions on Iran if the country does not get involved in the ongoing conflict in the Middle East.

“Reports that the Iranian government was surprised by the Hamas attack may also ease concern that the US will enforce sanctions against Iran more aggressively,” ING’s analysts further added.

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