

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

16/10/23

Prices have moved up in East of Suez ports, and all grades remain in good availability in Zhoushan.

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

- **VLSFO prices up in Zhoushan (\$25/mt), Singapore (\$19/mt) and Fujairah (\$16/mt)**
- **LSMGO prices up in Zhoushan (\$27/mt), Singapore (\$6/mt) and Fujairah (\$1/mt)**
- **HSFO prices up in Fujairah (\$7/mt), and down in Zhoushan (\$10/mt) and Singapore (\$7/mt)**

VLSFO and LSMGO benchmarks in East of Suez ports have tracked Brent's upswing and gained over the weekend. Zhoushan's VLSFO and LSMGO prices have risen \$25/mt and \$27/mt, respectively – steepest among major Asian bunker hubs.

Three VLSFO stems were fixed in a wide range of \$26/mt in Zhoushan over the weekend, with some higher-priced VLSFO stems supporting the benchmark's rise. Meanwhile, some higher-priced indications have pushed its LSMGO price up.

Zhoushan's steep VLSFO price rise has meant that its VLSFO premiums over Fujairah and Zhoushan have widened to \$19/mt and \$11/mt, respectively. On the other hand, the port's LSMGO discount to Fujairah has narrowed by \$33/mt to \$7/mt now. Zhoushan's LSMGO premium over Singapore stands at \$39/mt.

All grades remain in ample supply in Zhoushan amid weak bunker demand, with most suppliers recommending lead times of 3-5 days – virtually unchanged from last week.

Prompt availability of all grades remains tight in Singapore, with VLSFO and HSFO requiring 6-9 days and 7-11 days of lead times, respectively. Lead times of 4-9 days are advised for LSMGO, slightly up from 4-7 days last week.

## **Brent**

The front-month ICE Brent contract has gained \$2.16/bbl on the day from Friday, to trade at \$90.45/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Surge in Brent futures indicates that the global oil market is still concerned about a potential disruption in supplies due to the ongoing conflict between Israel and Hamas militants.

Should the Israel-Hamas war escalate further, involvement from other nations in the Middle East could result in oil supply disruptions in an increasingly tight market. This could push Brent's price further up.

"Energy traders continue to pay close attention to the Israel-Hamas war," said OANDA's senior market analyst Edward Moya. "Crude prices are surging as the oil market will remain very tight given escalating geopolitical risks could threaten supplies," he further added.

### **Downward pressure:**

Despite fears of escalating geopolitical tensions in the Middle East, there hasn't been any immediate impact on oil supplies in the region. "Despite recent developments in the oil market, speculators remain reluctant to jump into the market," said analysts from ING Bank.

Iran's total oil output in September increased by 15,000 b/d from the previous month to 3.06 million b/d, the Organization of the Petroleum Exporting Countries (OPEC) said in its monthly oil market report. The country produced 3.04 million b/d of crude in August.

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