

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

17/10/23

Most prices in East of Suez ports have moved down, and availability of VLSFO and LSMGO remains good in the Chinese ports of Dalian, Zhoushan, Guangzhou and Yangpu.

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

VLSFO prices down in Zhoushan (\$16/mt), Fujairah (\$10/mt) and Singapore (\$8/mt)

LSMGO prices down in Fujairah and Zhoushan (\$13/mt), and Singapore (\$8/mt)

HSFO prices unchanged in Singapore, and down in Zhoushan (\$13/mt) and Fujairah (\$11/mt)

VLSFO benchmarks have mirrored Brent's downfall and declined in the past day. Zhoushan's VLSFO price has fallen by \$16/mt – steepest among major Asian bunker hubs. Three VLSFO stems were fixed in Zhoushan in a range of \$16/mt, with some stems at the lower end of the range contributing to drag down the port's benchmark.

Despite Zhoushan's steep VLSFO price decline, its VLSFO premiums over Fujairah and Singapore stand at \$13/mt and \$3/mt, respectively.

A source says that some suppliers have run out of HSFO stocks in Zhoushan, but low demand for the grade has somewhat prevented the tightness from becoming too severe. Lead times of 3-5 days are recommended for the grade. VLSFO and LSMGO remain in good availability in the port, with suppliers advising very short lead times of 2-5 days – almost unchanged from last week.

Both grades remain in ample supply in the northern Chinese port of Dalian. The nearby port of Tianjin has good availability of VLSFO, but LSMGO and HSFO remain under pressure, and deliveries are subject to enquiry. Prompt availability of VLSFO and LSMGO remains tight in the other northern Chinese port of Qingdao, while HSFO is subject to enquiry.

Prompt availability of VLSFO and LSMGO remains tight in the southern Chinese ports of Shanghai and Xiamen as well. HSFO remains under pressure in Shanghai as it has been in recent weeks.

Both VLSFO and LSMGO remain in tight availability in the southeastern port of Fuzhou, with deliveries subject to enquiry. On the other hand, the availability of both grades remains good in the ports of Guangzhou and Yangpu.

Brent

The front-month ICE Brent contract has shed \$0.67/bbl on the day, to trade at \$89.78/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Limited crude oil supply in the global oil market due to extended production cuts from the top OPEC+ producers Saudi Arabia and Russia have supported Brent futures in recent days.

In its flagship monthly oil market report, OPEC said that it sees world oil demand to grow by 2.40 million b/d in 2023.

Meanwhile, Russia's deputy prime minister Alexander Novak expects oil prices to settle at \$100/bbl by 2035, Russian state media agency TASS reported.

"Prices were about \$100 [\$100/bbl] in 2013 or 2012. We are now living in 2023 and they are close to this level," TASS quoted the minister as saying in an interview with Soloviev Live TV channel. "If prolonging [until 2035] this will be more or less close to \$100 [\$100/bbl] from the standpoint of mathematics," Novak said.

Downward pressure:

Brent futures came under pressure after several media reports suggested that the US government will likely ease sanctions on Venezuela. This could restart the supply of Venezuelan oil in the global market.

Venezuela's government and the opposition party are working to resume discussions on the subject, which could lead the US government to ease sanctions on Venezuelan oil, Reuters reported citing multiple sources. The US government will ease certain Venezuelan sanctions in return for democratic concessions from the country's President Nicolas Maduro.

"The Biden administration will likely ease sanctions on Venezuelan oil exports in exchange for Venezuela's commitment to restarting democratic processes," commented SPI Asset Management's managing partner Stephen Innes.

Numerous challenges in the past including the impoverished state of Venezuela's oil infrastructure, a lack of stable electricity supply, and scarcity of employees have made it difficult to ramp up oil production in the country, Innes said.

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