

MARKET UPDATE EAST OF SUEZ

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ENGINE: East of Suez Physical Bunker Market Update

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Prices in major Asian bunker hubs have moved up, and prompt availability of all grades remains tight in Fujairah.

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

- **VLSFO prices up in Singapore (\$17/mt), Fujairah (\$13/mt) and Zhoushan (\$12/mt)**
- **LSMGO prices up in Fujairah (\$31/mt), Singapore (\$23/mt) and Zhoushan (\$18/mt)**
- **HSFO prices up in Fujairah (\$16/mt), and Singapore and Zhoushan (\$15/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's gain. Singapore's VLSFO price has gained \$17/mt – the steepest among major Asian hubs. A total of four VLSFO stems were fixed in a narrow range of \$8/mt in Singapore, with some higher-priced stems supporting the benchmark's upward push.

Singapore's steep VLSFO price rise has meant that its VLSFO discount to Zhoushan has flipped to a marginal premium of \$2/mt. The Southeast Asian bunker hub's premium over Fujairah has widened to \$14/mt.

Prompt VLSFO demand in Singapore remains tight, with most suppliers recommending lead times of 8-10 days – almost unchanged from last week. Availability of HSFO has also tightened, with lead times rising from 7-9 days last week to 10-12 days now. LSMGO requires shorter lead times of 3-7 days.

Meanwhile, Fujairah's LSMGO and HSFO prices have risen by \$31/mt and \$16/mt, respectively. The port's LSMGO premiums over Singapore and Zhoushan stand at \$49/mt and \$20/mt, respectively.

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

Brent

The front-month ICE Brent contract has jumped \$2.19/bbl on the day, to trade at \$91.97/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures erased the previous day's losses as tension intensified in the Middle East after a massive explosion at a hospital in Gaza killed hundreds of civilians. The attack has raised concerns about oil supply disruptions from the region.

Following the blast, Jordan's officials cancelled a summit that was to be hosted in Amman today, where US President Joe Biden and other Egyptian and Palestinian leaders were to discuss the ongoing conflict in the Middle East.

Oil prices remained supported during the Asian trading hours "as fears grow over the conflict between Israel and Hamas," two analysts from ING Bank said.

Besides, US commercial crude inventories showed a decline of 4.38 million bbls in the week ended 13 October, according to the American Petroleum Institute (API) data cited by Trading Economics. API's estimates provided additional support to Brent futures.

Downward pressure:

Venezuela's government and the opposition party have agreed to host elections in the country in the second half of 2024, granting its citizens democratic rights. The decision has paved the way for the US to ease some of its sanctions on Venezuela, including the inflow of Venezuelan oil in the market again.

This news has eased some concerns about supply tightness in the global market.

Meanwhile, oil market analysts remain concerned about yet another interest rate hike by the US Federal Reserve (Fed) in the fourth quarter of 2023 in a bid to tame inflation.

Higher interest rates influence consumer spending and have an adverse effect on demand for dollar-denominated commodities like oil.

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