

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

19/10/23

Most prices in East of Suez ports have moved down, and VLSFO and HSFO availability has improved in Singapore.

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

- **VLSFO prices down in Fujairah and Zhoushan (\$16/mt), and Singapore (\$15/mt)**
- **LSMGO prices down in Singapore (\$34/mt), Zhoushan (\$26/mt) and Fujairah (\$23/mt)**
- **HSFO prices unchanged in Singapore and down in Fujairah (\$9/mt) and Zhoushan (\$6/mt)**

Most benchmarks in East of Suez ports have declined, tracking Brent's fall. VLSFO prices in three major Asian bunker hubs have declined in a range of \$15-16/mt, with both Fujairah and Zhoushan dropping by \$16/mt. A lower-priced VLSFO stem fixed in Fujairah and one lower-priced VLSFO indication in Zhoushan have contributed to weighing down the ports' benchmark prices.

Singapore's VLSFO prices remain higher than those in Fujairah and Zhoushan, with premiums of \$12/mt and \$3/mt, respectively.

Meanwhile, Singapore's LSMGO price has plunged \$34/mt in the past day. Two lower-priced LSMGO stems fixed in the port in a narrow range of \$4/mt have contributed to drag the benchmark down. The Southeast Asian bunker hub's LSMGO discounts to Fujairah and Zhoushan stand at \$60/mt and \$37/mt, respectively.

Availability of VLSFO and HSFO has improved in Singapore, with lead times coming down from 8-12 days earlier this week to around 7-10 days now. Lead times for LSMGO remain virtually unchanged at 3-6 days.

All grades remain in ample supply in Zhoushan, with most suppliers recommending lead times of 3-5 days. Strong wind gusts of 21-25 knots and swells of up to a metre are forecast to hit the Chinese bunker hub tomorrow, which might disrupt bunker operations.

## **Brent**

The front-month ICE Brent contract has declined \$2.16/bbl on the day, to trade at \$89.81/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

The conflict between Israel and Hamas militant group has continued to raise concerns about supply crunch in the global oil market.

Voluntary supply cuts from OPEC+ top producers coupled with growing tension in the Middle East have helped Brent futures to gain this week. Iran has called on Islamic countries to impose an oil embargo on Israel, after more than 500 people got killed in an air strike in Central Gaza.

“While the explosion was quickly blamed on an Israeli strike, both Israel and the US Pentagon have since said that a militant group was responsible for the explosion,” said market analysts from ING Bank.

Meanwhile, commercial US crude inventories fell by 4.5 million bbls on the week, to 419.75 million bbls on 13 October, recent data from the US Energy Information Administration (EIA) showed.

The weekly stock draw was slightly bigger than the 4.38 million bbls drop projected by the American Petroleum Institute (API) a day earlier.

### **Downward pressure:**

Brent futures lost after gaining in the previous session as supply concerns eased after the US government said it will provide “limited sanctions relief,” in the Venezuelan oil and gas sector.

The US government’s decision came after Venezuela’s government led by President Nicolas Maduro, and its opposition party reached a consensus on holding presidential elections in the second half of 2024.

The US government has issued a six-month general license to produce, sell, and export Venezuelan crude and gas to selected markets without limitations, Reuters reported.

Meanwhile, the Organization of the Petroleum Exporting Countries (OPEC) and its allies have no plans to take any immediate action on Iran’s call to impose an oil embargo on Israel, Reuters reported citing a source familiar with the matter.

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