

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

20/10/23

Prices in East of Suez ports have moved up, and bunker deliveries have been suspended in Zhoushan's OPL area this morning.

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

- **VLSFO prices up in Zhoushan (\$30/mt), and Singapore and Fujairah (\$28/mt)**
- **LSMGO prices up in Fujairah (\$43/mt), Singapore (\$36/mt) and Zhoushan (\$17/mt)**
- **HSFO prices up in Singapore (\$22/mt), Fujairah (\$18/mt) and Zhoushan (\$11/mt)**

Bunker benchmarks in East of Suez have mirrored Brent's upthrust and gained in the past day. Zhoushan's VLSFO price surged \$30/mt – steepest among three major Asian bunker hubs. A higher-priced VLSFO indication in Zhoushan has supported the benchmark's rise.

Despite Zhoushan's steep VLSFO price rise, its VLSFO discount to Singapore stands at a marginal \$1/mt. On the other hand, the Chinese bunkering hub's VLSFO premium over Fujairah has widened to \$14/mt.

Weak bunker demand in Zhoushan has somewhat kept tightness in check across all grades. Most suppliers are recommending lead times of 3-5 days – almost unchanged from last week.

Bunker operations have been suspended by bad weather in Zhoushan's OPL area this morning, a source says. Bunker deliveries are likely to resume fully tomorrow, when calmer weather is forecast.

Adverse weather conditions are also predicted to hit Hong Kong tomorrow, which might impact bunker operations at the port.

All bunker grades remain in good availability in Hong Kong, with unchanged lead times of 5-7 days advised.

## **Brent**

The front-month ICE Brent contract has surged \$3.85/bbl on the day, to trade at \$93.66/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Rising tension in the Middle East has taken center stage once again, igniting fears about supply disruption in the global oil market after protests broke out in Lebanon, Iraq, Turkey, Iran, and Jordan in response to the fatal missile attack on the Al-Ahli Baptist Hospital located in Central Gaza. More than 500 civilians got killed in the attack on Tuesday.

Iran's government blamed Israel for the hospital bombing and urged Arab countries to put an oil embargo on Israel.

Meanwhile, oil analysts are speculating that the US government might put tighter sanctions on Iran if proven that the Iranian government funded Hamas and helped the militant group to plan the attack on Israel.

"There is bipartisan pressure to shut down Iranian oil exports," said Price Futures Group's senior market analyst Phil Flynn. "That may be why Iran desperately called for an oil embargo because they know the world may soon shut them down," he further added.

### **Downward pressure:**

Meanwhile, Iran's request for an immediate oil embargo was turned down by top oil producers group OPEC and its allies (OPEC+). Chances of OPEC acting on the call for oil embargo is scarce, analysts said.

Additionally, the US Department of State lifted partial sanctions on Venezuelan oil yesterday, after the country's government and opposition decided to host presidential elections in Venezuela in 2024.

"The market is reacting sharply to the news that the Venezuelan oil exports have been lifted," Flynn said. "It's a good thing if you want to help fix the global tightness of diesel supply," he further added.

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