

MARKET UPDATE EAST OF SUEZ



ENGINE: East of Suez Physical Bunker Market Update

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Prices in East of Suez ports have moved down, and LSMGO remains in ample supply in Omani ports.

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

- **VLSFO prices up in Fujairah (\$22/mt), Zhoushan (\$19/mt) and Singapore (\$5/mt)**
- **LSMGO prices up in Singapore (\$18/mt), Zhoushan (\$17/mt) and Fujairah (\$7/mt)**
- **HSFO prices up in Singapore (\$16/mt), Zhoushan (\$11/mt) and Fujairah (\$1/mt)**

Bunker benchmarks in East of Suez ports have tracked Brent's rise and gained in the past day. Fujairah's VLSFO price has risen by \$22/mt – the steepest among three major Asian hubs. Two higher-priced VLSFO stems fixed in a range of \$11/mt in the past day have supported the benchmark's upward thrust.

Fujairah's steep VLSFO price rise has meant that its VLSFO discount to Singapore has flipped to a premium of \$11/mt. The Middle Eastern bunker hub's VLSFO price has moved up from yesterday's parity levels to Zhoushan, to a marginal premium of \$3/mt now.

A source says prompt availability remains "super tight" in Fujairah amid good bunker demand, with most suppliers recommending lead times of 5-7 days. Some suppliers can still offer prompt dates across all grades.

Meanwhile, LSMGO remains in good supply in the Omani ports of Muscat, Salalah, Sohar and Duqm, with prompt dates available.

Brent

The front-month ICE Brent contract has inched up \$0.16/bbl on the day, to trade at \$85.79/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures remained supported amid rising angst in the Middle East. Iran's Supreme Leader Ayatollah Khamenei has urged neighbouring Arab countries to immediately cease essential exports including oil and food to Israel, state-owned media agency IRNA reported.

The Islamic governments "must immediately stop the [Israeli] bombing of Gaza and block the export of oil and food to the Zionist regime," IRNA quoted Khamenei as saying.

Brent gained additional support after the US Federal Reserve (Fed) decided to keep interest rates at their current levels, at its Federal Open Market Committee (FOMC) meeting that concluded on Wednesday.

Oil investors largely anticipated that the US Fed would keep interest rates unchanged after "recent comments from Fed officials that higher long-term interest rates are tightening financial conditions reinforced the view they [Fed] are probably done [hiking rates]," said SPI Asset Management's managing partner Stephen Innes.

Downward pressure:

Brent futures felt some downward pressure after the US Energy Information Administration (EIA) reported a growth of 773,000 bbls on the week in commercial US crude inventories, to 421.89 million bbls, on 27 October.

The weekly stock build was smaller than the 1.35 million-bbl build estimated by the American Petroleum Institute (API) on Tuesday.

Meanwhile, weak demand projections from China after an underwhelming purchasing managers' index (PMI) figure in October have also triggered concerns about a lack of global demand growth. This has kept a lid on Brent's rise.

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