ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved up in East of Suez ports, and availability of all grades remains good in Hong Kong.

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

- **VLSFO prices up in Singapore ($33/mt), Zhoushan ($28/mt) and Fujairah ($21/mt)**
- **LSMGO prices up in Zhoushan ($41/mt), Fujairah ($29/mt) and Singapore ($24/mt)**
- **HSFO prices up in Singapore and Zhoushan ($15/mt), and Fujairah ($1/mt)**

Bunker benchmarks in East of Suez ports have tracked Brent's upturn and gained for the second consecutive day. Singapore's VLSFO price has risen by $33/mt in the past day – steepest among three major Asian bunker hubs. Five higher-priced VLSFO stems fixed in a range of $15/mt in Singapore have supported the benchmark's upward movement.

Singapore's steep VLSFO price rise has meant that its VLSFO discount to Fujairah has flipped to a marginal premium of $5/mt. The Southeast Asian bunker hub's VLSFO discount to Zhoushan stands at $3/mt.

VLSFO availability remains under pressure in Singapore due to product loading delays at oil terminals, which has compelled some suppliers to extend delivery lead times. Lead times of 11-13 days are recommended for the grade, up from 8-10 days last week.

Availability of HSFO also remains tight in Singapore, with most suppliers recommending lead times of 11-13 days. LSMGO remains readily available, with shorter lead times of 2-4 days.

Hong Kong has ample availability of all bunker fuel grades, with unchanged lead times of 5-7 days. Strong wind gusts of 21-22 knots and swells of more than a metre are forecast to hit Hong Kong between 7-8 November, which might disrupt bunker deliveries there.

Brent

The front-month ICE Brent contract has gained $1.38/bbl on the day, to trade at $87.17/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Optimistic market sentiments after the US Federal Reserve's (Fed) decision to keep current interest rates unchanged have supported Brent futures today.

"The Fed's decision to keep interest rate hikes on pause for a second consecutive time has bolstered economic sentiment and supported commodity prices, including energy," said two analysts from ING Bank.

Meanwhile, growing tensions in the Middle East coupled with disruptions caused by the Russian invasion of Ukraine could put oil markets into "uncharted waters," World Bank's latest Commodity Markets Outlook Report stated.

Global oil supply could be reduced by 6 million b/d to 8 million b/d if the conflict causes "large disruptions", the bank said. "That would drive prices up by 56% to 75% initially—to between $140 and $157 a barrel," it added.

"The global oil market is still extremely tight, and we don't have any room for any disruptions of supply," said Price Futures Group's senior market analyst Phil Flynn. "The [oil] market awaits more headlines on the progress of the Israeli invasion of Gaza," he further added.

Downward pressure:

Brent futures felt some downward pressure today due to weak demand projections from China.

China's purchasing managers' index (PMI) declined to 49.5 in October from 50.2 in the previous month, data from China's National Bureau of Statistics (NBS) showed earlier this week. A reading below 50 indicates contraction.

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