

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Physical Bunker Market Update

09/11/23

LSMGO prices in East of Suez ports have moved down, and bunkering has been halted by rough weather in Zhoushan since this noon.

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

- **VLSFO prices unchanged in Fujairah, and down in Singapore (\$5/mt) and Zhoushan (\$2/mt)**
- **LSMGO prices down in Singapore (\$25/mt), Fujairah (\$16/mt) and Zhoushan (\$5/mt)**
- **HSFO prices up in Singapore (\$6/mt), and down in Fujairah (\$10/mt) and Zhoushan (\$9/mt)**

A source says bunker operations have been suspended across all anchorages in Zhoushan since this noon due to bad weather. Bunker deliveries are likely to resume fully from 14 November, when calmer weather is forecast.

Availability of VLSFO and HSFO in Zhoushan continues to remain under pressure as some suppliers are running low on stocks and replenishment cargoes have been delayed. Lead times for both grades have gone up from 3-5 days to 5-7 days now. LSMGO remains in ample supply, with short lead times of 3-5 days.

Prompt availability of all grades remains tight in Fujairah, with several suppliers recommending lead times of 5-7 days. Some suppliers can still offer prompt dates across all grades, a source says.

Fujairah's VLSFO price has remained steady in the past day, while Singapore and Zhoushan's VLSFO prices have declined. A higher-priced VLSFO stem fixed in the past day in Fujairah supported the benchmark's resistance to Brent's downward pull.

Fujairah's VLSFO discounts to Zhoushan and Singapore stand at \$4/mt and \$3/mt, respectively.

Meanwhile, LSMGO benchmarks have fallen for the fourth consecutive day. Singapore's LSMGO price declined by \$25/mt – the steepest among three major Asian bunker hubs. A total of six LSMGO stems were fixed in Singapore in a wide range of \$40/mt, with some stems at the lower end of the range contributing to pull the benchmark down.

Singapore's LSMGO discounts to Fujairah and Zhoushan stand at \$107/mt and \$65/mt, respectively. LSMGO remains in ample supply in Singapore, with prompt delivery dates supply available.

## **Brent**

The front-month ICE Brent contract has shed \$1.38/bbl on the day, to trade at \$80.33/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Brent futures gained some support as OPEC+ top oil producers, Saudi Arabia and Russia, reaffirmed their commitment to supply cuts and export reductions till the end of the year.

Moreover, oil analysts expect Brent's prices to remain stable as Riyadh will continue slashing production into 2024 as well.

According to SPI Asset Management's managing partner Stephen Innes, oil traders are gradually stepping into "I dare you to cut more mode," after Saudi's latest announcement.

Meanwhile, these voluntary cuts have also reduced downside risks in the oil market over the coming months, analysts said. "We hold onto our forecast for Brent to average \$90/bbl over 2024," two analysts from ING Bank said.

### **Downward pressure:**

Brent's prices have dropped this week due to mounting concerns about a slowdown in global oil demand as we head into the year-end seasonal change.

Moreover, an unexpected build in the US weekly commercial crude inventories reported by the American Petroleum Institute (API) also sparked concerns about a decline in oil demand. "Fuel demand has been lagging behind its seasonal average, which has raised concerns about demand destruction," said Innes.

The official release of US government weekly data on crude oil stockpiles from the US Energy Information Administration (EIA), which was supposed to be released yesterday, is delayed until 13 November due to planned system upgrades.

Meanwhile, amid hovering demand concerns over the oil market, supply dynamics have also pushed Brent futures lower, ING Bank's head of commodities strategy Warren Patterson said. "For example, Russian seaborne crude oil exports have grown in recent months, which suggests that Russia is not sticking to its additional voluntary cut," he added.

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