ENGINE: East of Suez Physical Bunker Market Update

16/11/23

Most prices have moved down in East of Suez ports, and VLSFO and LSMGO availability has improved in South Korean ports.

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

- **VLSFO prices down in Singapore ($20/mt), Fujairah ($15/mt) and Zhoushan ($13/mt)**
- **LSMGO prices down in Zhoushan ($15/mt), Singapore and Fujairah ($5/mt)**
- **HSFO prices up in Singapore ($3/mt), and down in Zhoushan ($13/mt) and Fujairah ($7/mt)**

Most bunker benchmarks have mirrored Brent's downturn and declined in the past day. Singapore's VLSFO price has fallen by $20/mt – steepest among three major Asian bunker hubs. A total of three VLSFO stems were fixed in the Southeast Asian bunker hub in a wide range of $32/mt, with one stem at the lower end of the range contributing to drag the benchmark down.

Singapore's steep VLSFO price decline has meant that its marginal premium over Zhoushan has flipped to a discount of $6/mt. The port's VLSFO premium over Fujairah stands at $8/mt.

On the other hand, Singapore's HSFO price has inched $3/mt higher in the past day, while Zhoushan and Fujairah's HSFO prices declined. Three higher-priced HSFO stems fixed in a range of $14/mt in Singapore have supported the benchmark's resistance to downward pull.

Singapore's HSFO premium over Fujairah stands at $22/mt.

VLSFO continues to remain under pressure in Singapore as several suppliers are facing tight delivery schedules. Terminal loadings have been jammed as there are several tankers loading and discharging cargoes, a source says. Lead times of 11-13 days are recommended for the grade – almost unchanged from last week.

HSFO also remains tight in Singapore, with most suppliers advising lead times of 11-13 days. LSMGO, meanwhile, remains in ample supply and has shorter lead times of 3-5 days.

A trader says the availability of VLSFO and LSMGO has improved in South Korean ports amid "extremely quiet" bunker demand. Both grades now require lead times of 2-4 days, down from 5-8 days last week. HSFO supply remains under pressure in South Korean ports, with lead times varying widely between 5-13 days.

Adverse weather conditions are predicted to hit the South Korean ports of Onsan, Ulsan, Busan and Yeosu between 17-21 November, and in Daesan and Taean between 17-19 November, which might disrupt bunker deliveries at these ports.

Brent

The front-month ICE Brent contract has dropped by $1.58/bbl on the day, to trade at $80.81/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained strength this week on the back of bullish oil demand projections from global agencies, contributing to a positive oil market sentiment.

Paris-based energy firm International Energy Agency (IEA) and top oil-producers group OPEC maintained an optimistic outlook on global oil demand growth in 2023 in their latest oil market reports, highlighting demand growth in China and other Asian countries.

Total crude oil imports in Asia reached 26.93 million b/d in the first ten months of 2023. This was an increase of 1.34 million b/d compared to the entirety of 2022 when 25.59 million b/d were imported, Reuters reported citing LSEG data.

The IEA increased its forecast for global crude oil demand by 100,000 b/d to 2.40 million b/d in 2023, while OPEC raised its 2023 demand forecast to 2.46 million b/d, up by 20,000 b/d from its previous projection.

“The IEA revised up its 2023 oil demand growth forecast as a result of Chinese demand hitting record levels, while US demand has also been stronger than the agency was expecting,” said ING’s head of commodities strategy Warren Patterson.

Downward pressure:

Brent’s upward gains were capped after the US Energy Information Administration (EIA) reported a 3.60 million bbls rise in commercial US crude inventories in the week ended 10 November. The weekly increase in US crude stocks was bigger than both the American Petroleum Institute's projection of a 1.34 million bbls increase and the 1.80 million bbls forecast from a Reuters analysts poll.

“Oil prices nosedived after government data showed U.S. crude oil stockpiles spiked above consensus last week while demand for refined fuels fell,” SPI Asset Management’s managing partner Stephen Innes said.

The US energy agency’s weekly inventory data returned yesterday after a week of hiatus for a scheduled system update. As a result, the oil market received compiled data for two weeks.

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