ENGINE: East of Suez Physical Bunker Market Update

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Most bunker prices in East of Suez ports have moved down, and VLSFO and LSMGO remain in tight supply in several Indian ports.

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

- **VLSFO prices down in Fujairah ($26/mt), Singapore ($18/mt) and Zhoushan ($9/mt)**
- **LSMGO prices up in Singapore ($3/mt), and down in Zhoushan ($6/mt) and Fujairah ($2/mt)**
- **HSFO prices down in Fujairah and Zhoushan ($3/mt), and Singapore ($2/mt)**

VLSFO benchmarks in East of Suez ports have declined for the second consecutive day. Fujairah's VLSFO price has fallen $26/mt – steepest among three major Asian bunker hubs. Three lower-priced VLSFO stems fixed in Fujairah in a wide range of $22/mt weighed on the benchmark.

A steep decline in Fujairah's VLSFO price has meant that its discounts to Zhoushan and Singapore have widened by $17/mt and $8/mt to $25/mt and $24/mt, respectively.

On the other hand, the Middle Eastern bunker hub's LSMGO premiums over Singapore and Zhoushan stand at $143/mt and $95/mt, respectively.

Availability of all grades remain under pressure in Fujairah amid good demand, with lead times of 7-10 days recommended – almost unchanged from last week. But some suppliers can still offer prompt deliveries across all grades, a trader says.

Meanwhile, Kandla on India's northwest coast and Cochin on the southern coast have good availability of VLSFO and LSMGO, with prompt dates available.

On the other hand, both grades remain in tight supply in several Indian ports including Mumbai, Chennai, Visakhapatnam, Paradip, Tuticorin and Haldia, with deliveries subject to availability in these ports.

Brent

The front-month ICE Brent contract has inched $0.19/bbl higher on the day, to $81.57/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures contract have gained 1% over the past week, as the benchmark holds its ground amid market uncertainty.

Russian Deputy Prime Minister Alexander Novak considers the current oil price level to be an "objective reflection" of the balanced market, according to Russia's state agency TASS. OPEC+ members will discuss the output policy for next year on 30 November.

Six producers in the Gulf of Mexico have shut down 61,165 b/d of oil production following a leak from an underwater oil pipeline off the Louisiana coast, Reuters reported citing the Coast Guard. This accounts for 3% of US offshore oil production, according to Reuters. The source of the estimated 1.1-million-gallon leak (26,190 bbls) has not yet been identified.

Downward pressure:

Reports of a standoff between Saudi Arabia and other OPEC members over production levels and targets have increased anxiety in the market.

Nigeria, Angola, and Congo may be involved in the disagreement since their 2024 production targets were cut earlier this year, according to Warren Patterson, ING's head of commodities strategy. Their targets for 2024 were to be reviewed by the end of this year and possibly raised as these countries wanted to increase their output levels. But the revision of targets has not happened yet, Patterson noted. Currently, Angola and Congo are producing below their previously fixed 2024 production targets. However, Nigeria has overshot its 2024 target with 1.49 million b/d output, he said.

Other OPEC members Iran, Venezuela and the UAE are also planning to ramp up their production levels in the coming months.

Although their individual output increases are likely to be modest, especially when compared to Saudi Arabia's output, their combined production increase can still add a substantial amount of crude oil to the market in the near future.

OPEC member Libya has successfully exported its first shipment of 600,000 bbls of crude oil from the Erawin oil field in the Murzuq basin, according to Libya's National Oil Corporation. Any additional supply in the market amidst concerns of oversupply can put a downward pressure on Brent.

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