

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

28/11/23

Regional bunker benchmarks have moved in mixed directions, and VLSFO availability remains tight in Singapore.

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

- **VLSFO prices up in Zhoushan (\$12/mt), and down in Fujairah (\$16/mt) and Singapore (\$3/mt)**
- **LSMGO prices up in Zhoushan (\$19/mt) and Singapore (\$6/mt), and down in Fujairah (\$9/mt)**
- **HSFO prices up in Zhoushan (\$11/mt) and Singapore (\$6/mt), and down in Fujairah (\$4/mt)**

Fujairah's VLSFO price drop has outpaced that of Singapore. The price changes have widened the port's VLSFO discount to Singapore from \$9/mt yesterday to \$22/mt now. Two lower-priced VLSFO stems fixed in a range of \$7/mt in the past trading day have contributed to drag Fujairah's benchmark lower.

VLSFO availability remains very tight in Singapore. Recommended lead times for the grade range up to 15-18 days. Some suppliers can deliver the grade with shorter lead times, but these offers are limited and often priced higher, a source says.

LSMGO availability is relatively better than other grades in Singapore, with lead times of 4-6 days recommended for smaller stems and around seven days for larger stems, a source says. Three LSMGO stems have been fixed in Singapore in a wide \$28/mt range since this morning. All the three stems were of sizes below 500 mt and for prompt delivery dates.

At least six bunker suppliers in Singapore are facing tight delivery schedules, a source claims.

Prompt VLSFO and LSMGO availability has shown signs of tightness in Hong Kong, a trader says. Wind gusts of up to 20 knots are forecast today and tomorrow, which could impact bunkering in the port.

Brent

The front-month ICE Brent contract has inched \$0.50/bbl higher on the day, to trade at \$80.69/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures remained supported amid expectations that OPEC+ would extend its voluntary production cuts into 2024.

OPEC+ is scheduled to hold a virtual meeting on 30 November to discuss output policy for next year.

The current situation of the crude oil market seems to be “undervalued” as energy demand typically peaks during the fall and spring seasons, analysts said. “Once we get through the shoulder [winter] season we’re going to see significant drawdowns in crude supplies in the coming weeks and months,” said Price Futures Group’s senior market analyst Phil Flynn.

Besides, OPEC’s largest producer Saudi Arabia could “try to shock the market” with an additional 1 million b/d lollipop cut, Flynn added.

“The group [OPEC+] has always found a way to get an agreement over the line before, even if that means the biggest producers taking on more of the additional commitments,” commented OANDA’s senior market analyst Craig Erlam.

Downward pressure:

Meanwhile, Brent futures felt some downward pressure amid speculations of a dispute between Saudi Arabia and other OPEC member nations over the group's production targets for next year. The group’s joint ministerial meeting has allegedly been pushed back to 30 November because of this.

“The OPEC+ meeting will be this week’s most impactful event in oil markets,” Erlam said. The meeting got delayed by four days, “so there’s clearly some disagreement within the alliance,” he added.

Additionally, concerns about surplus supplies in the oil market have put a lid on Brent’s price. There are wide expectations that Angola, Nigeria, and Iran would increase their production levels in 2024.

By Nithin Chandran and Aparupa Mazumder

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association (“NFA”). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com