ENGINE: East of Suez Physical Bunker Market Update

07/12/23

Prices in East of Suez ports have moved down, and VLSFO availability continues to remain tight in Zhoushan.

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

- **VLSFO prices down in Fujairah ($21/mt), Singapore ($19/mt) and Zhoushan ($18/mt)**
- **LSMGO prices down in Fujairah and Zhoushan ($25/mt), and Singapore ($14/mt)**
- **HSFO prices down in Fujairah ($37/mt), Singapore ($15/mt) and Zhoushan ($10/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's downturn and declined in the past day. VLSFO benchmarks have declined for the second consecutive day. The grade's prices across major Asian bunker hubs have fallen in a range of $18-21/mt.

Zhoushan continues to price its VLSFO at elevated levels to both Fujairah and Singapore. The Chinese bunkering hub's VLSFO premiums over Fujairah and Singapore stand at $18/mt and $14/mt, respectively.

Lack of inflows of VLSFO replenishment cargoes has kept the supply of the grade under pressure in Zhoushan. Several suppliers are running low on stocks and have refrained from providing lead times. Deliveries of the grade remain subject to enquiry, a source says.

LSMGO and HSFO, on the other hand, remain in good supply in Zhoushan, with lead times of 2-4 days and 3 -5 days recommended, respectively.

Availability of all grades remains good in Hong Kong, with unchanged lead times of 5-7 days.

Meanwhile, lead times of VLSFO and LSMGO vary widely between 4-18 days in South Korean ports. HSFO requires shorter lead times of 4-7 days.

Bad weather conditions are forecast to hit the South Korean ports of Ulsan, Onsan, Busan, Daesan, Taean and Yeosu intermittently between today and Tuesday, which might disrupt bunker deliveries at these ports.

Brent

The front-month ICE Brent contract has moved $2.16/bbl lower on the day, to trade at $74.98/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained some upward thrust after the US Energy Information Administration (EIA) reported a 4.63 million bbl-draw in commercial US crude inventories in the week ended 1 December.

Currently, commercial US crude builds stand at 445.03 million bbls, according to EIA.

The oil market also gained some confidence after Russia's President Vladimir Putin and Saudi Arabia's crown prince Mohammed bin Salman met on Wednesday to discuss further cooperation on oil production and exports after the OPEC+ group announced its plans to continue voluntary cuts in the first quarter of 2024.

Other OPEC+ nations including Kuwait and Algeria have also reaffirmed their commitment to the recently announced voluntary oil supply cuts for next year, Reuters reported.

Downward pressure:

Growing concerns about China's economic health have curtailed Brent futures' gains this week. China's total oil imports declined 9% year-on-year due to increasing inventory levels and weak demand projections, Reuters reported citing customs data.

Meanwhile, Brent's price came under more downward pressure after Saudi Aramco cut official selling prices (OSP) for its flagship Arab Light crude by $0.50/bbl for January loadings to Asia, Reuters reported. In Europe, Aramco lowered its OSP for the crude grade by $2/bbl.

Saudi's decision to cut prices across markets reflect weak demand fundamentals, according to oil market analysts. "The critical factor in this week's sell-off is attributed to Saudi Arabia's announcement of a reduction in official selling prices for its flagship Arab Light crude in January," said SPI Asset Management's managing partner Stephen Innes.

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