ENGINE: East of Suez Physical Bunker Market Update

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VLSFO and HSFO prices have moved in mixed directions in East of Suez ports, and prompt availability of all grades remains tight in Fujairah.

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

- **VLSFO prices up in Fujairah ($9/mt), and down in Zhoushan ($4/mt) and Singapore ($2/mt)**
- **LSMGO prices up in Zhoushan ($12/mt), Fujairah ($8/mt) and Singapore ($6/mt)**
- **HSFO prices up in Singapore ($7/mt) and Zhoushan ($1/mt), and down in Fujairah ($32/mt)**

Fujairah’s VLSFO price has gained in the past day, while VLSFO prices in Zhoushan and Singapore have declined. A total of four VLSFO stems fixed in a wide range of $46/mt in Fujairah have supported the benchmark’s upward movement.

Fujairah’s VLSFO price rise has meant that its VLSFO discount to Singapore has been erased and now stands at a marginal premium of $4/mt. The Middle Eastern bunker hub’s VLSFO discount to Zhoushan has narrowed by $13/mt to $5/mt.

On the other hand, Fujairah’s HSFO price has declined significantly by $32/mt in the past day, while Singapore and Zhoushan’s HSFO prices have risen. Four lower-priced HSFO stems fixed in the past day have contributed to weigh the benchmark lower. Fujairah’s HSFO price discounts to Zhoushan and Singapore stand at $73/mt and $56/mt, respectively.

Prompt supply of all grades remains tight in Fujairah, with several suppliers recommending lead times of 9-10 days – slightly up from 7-10 days last week.

Meanwhile, the northern Chinese port of Dalian has good availability of VLSFO and LSMGO. The nearby port of Tianjin also has a good supply of VLSFO, but availability of LSMGO and HSFO remains under pressure and deliveries are subject to enquiry. Prompt availability of VLSFO and LSMGO remains tight in the other northern Chinese port of Qingdao, and HSFO remains subject to enquiry there.

Both grades remain tight for prompt supply in the southern Chinese ports of Shanghai and Xiamen. HSFO availability continues to remain under pressure in Shanghai, as it has been in recent weeks.

LSMGO supply is tight in Guangzhou, but VLSFO availability remains good there. Both grades remain subject to enquiry in the southeastern port of Fuzhou.

Yangpu port, on the other hand, has good availability of both grades.

Brent

The front-month ICE Brent contract gained $0.90/bbl on the day, to trade at $75.88/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures recovered the previous day's loss after the oil market reacted positively to a joint statement released by major oil producers Saudi Arabia and Russia that urged all OPEC+ members to agree on supply cuts in a bid to "support the global economy."

"They [Saudi Arabia and Russia] stressed the importance of continuing this cooperation, and the need for all participating countries to adhere to the OPEC+ agreement, in a way that serves the interests of producers and consumers and supports the growth of the global economy," reported Saudi state-owned media agency SPA.

Last month, the Organization of the Petroleum Exporting Countries and its allies [OPEC+] agreed to a combined supply reduction of 2.2 million b/d in the first quarter of 2024. Oil analysts expect this move to support oil prices.

Brent's price gained further support after Russia agreed to disclose more data on refining and export volumes following a request from the OPEC+ group to ensure transparency, Reuters reported citing sources. This comes amid concerns in the oil market if Russia has been sticking to its oil and oil products export cuts promises.

Downward pressure:

Meanwhile, a sharp rise in Brent futures was capped due to concerns about a slowdown in global oil demand, analysts said. Data released by China yesterday showed oil imports in November fell to 10.33 million b/d, a decrease of over 1 million b/d from October's import (11.53 million b/d).

The drop in Chinese oil imports could signal declining oil demand in the world's second-largest crude oil importer.

"The momentum in oil futures rode a modest downdraft following the release of overnight trade data from China, revealing a decline in crude inflows," said SPI Asset Management's managing partner Stephen Innes. "This figure [crude imports in November] is almost 9% below the import rate from when China grappled with COVID-19 lockdown measures a year ago," he further commented.

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