
# ENGINE: East of Suez Physical Bunker Market Update

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Most prices in major Asian bunker hubs have moved up, 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 Singapore ($10/mt) and Zhoushan ($3/mt), and down in Fujairah ($6/mt)**
- **LSMGO prices up in Fujairah ($33/mt), Zhoushan ($2/mt) and Singapore ($1/mt)**
- **HSFO prices up in Fujairah ($27/mt), Singapore ($7/mt) and Zhoushan ($5/mt)**

Most bunker benchmarks in East of Suez ports have mirrored Brent's uptick and gained in the past day. Fujairah's VLSFO price has moved counter to the general market direction and declined $6/mt. A lower-priced VLSFO stem fixed in Fujairah contributed to drag the benchmark down.

Fujairah's VLSFO price decline has meant that its VLSFO price has flipped from yesterday's parity levels with Zhoushan, to a discount of $9/mt now. The port's VLSFO premium over Singapore has narrowed by $16/mt to $4/mt.

The Middle Eastern bunker hub's LSMGO price, on the other hand, rose by a steeper $33/mt. Two higher-priced LSMGO indications in Fujairah supported the benchmark's upward movement. Fujairah's LSMGO premiums over Singapore and Zhoushan stand at $169/mt and $105/mt, respectively.

Prompt availability is tight for all grades in Fujairah because of the robust bunker demand in the port. Lead times of 7 -10 days are recommended for all grades, while some suppliers are still able to offer the grades for prompt dates, a source says.

Most suppliers in the other UAE port of Khor Fakkan can deliver bunker stems by 15 December at the earliest, the source adds.

Meanwhile, supply of all grades has improved in South Korean ports, with lead times coming down from 5-12 days last week to 3-9 days now.

Strong winds and high waves are predicted to hit the South Korean ports of Ulsan, Onsan, Busan, Daesan, Taean and Yeosu intermittently between today and Sunday, which might hamper bunker deliveries at these ports.

**Brent**

The front-month ICE Brent contract moved $0.25/bbl up on the day, to trade at $76.24/bbl at 17.00 SGT (09.00 GMT).

**Upward pressure:**

Brent futures gained upward momentum ahead of key US interest rate decisions. The two-day US Federal Open Markets Committee's (FOMC) monetary policy meeting is scheduled to end tomorrow.

Brent's price is expected to remain stable following the conclusion of the last 2023 FOMC meeting. Oil market analysts anticipate that the US Federal Reserve will maintain interest rates at their current level for the remainder of this year. "Oil [Brent] prices showed signs of stabilization on Monday, with investors shifting their attention to the Federal Open Market Committee (FOMC)," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, growing tension in the Middle Eastern conflict also provided some support to Brent futures today. A missile launched by Yemen-based Houthis militants struck a Norwegian chemical tanker in the Red Sea yesterday, causing fire and damage to the vessel, Reuters reported citing two US defence officials. The militant group has warned that it will target every vessel bound for Israel.

The recent missile and drone attacks on vessels in the Red Sea have raised concerns about the safety of oil shipments in the region. This has further stirred supply concerns in the oil market again and pushed Brent's price further up.

**Downward pressure:**

Multiple factors such as growing crude oil inventories in the US and general lag in oil demand in countries like China have added downward price pressure on Brent in recent days.

Moreover, uncertainties regarding the leading oil producer group's (OPEC+) production cut policies have led to Brent's price settling lower, analysts said. A recent Reuters survey also found that traders and analysts believe the OPEC+ 2.2 million b/d production cut will not be sufficient to boost Brent prices.

"For oil traders, the concerns are more about weekend demand fears," said Price Futures Group's senior market analyst Phil Flynn. "Last week Chinese oil imports hit a 7-month low and raised concern about their demand as US production is at record highs," he further added.

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