ENGINE: East of Suez Physical Bunker Market Update

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Prices in major Asian bunker hubs have moved up, and availability across all grades remains good in Hong Kong.

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

- **VLSFO prices up in Zhoushan ($33/mt), Fujairah ($13/mt) and Singapore ($7/mt)**
- **LSMGO prices up in Zhoushan ($39/mt), Fujairah ($32/mt) and Singapore ($21/mt)**
- **HSFO prices up in Zhoushan ($21/mt), Fujairah ($19/mt) and Singapore ($14/mt)**

Bunker benchmarks in East of Suez ports have mirrored Brent's upswing and regained some values in the past day. All bunker fuel grades in Zhoushan have risen the steepest among the three major Asian bunker hubs. The port's VLSFO, LSMGO and HSFO prices have climbed $33/mt, $13/mt and $21/mt, respectively.

One higher-priced VLSFO fixed in Zhoushan in the past day supported the benchmark's upward movement. Meanwhile, some higher-priced LSMGO and HSFO indications aided the other two benchmarks' gains. The Chinese bunkering hub's steep VLSFO rise has meant that its VLSFO price has moved up from yesterday's parity levels to Singapore, to a premium of $26/mt now. Zhoushan's VLSFO premium over Fujairah widened significantly from $3/mt yesterday to $23/mt.

The Chinese bunkering hub continues to price its HSFO at elevated levels to both Fujairah and Singapore. The port's HSFO premiums over Fujairah and Singapore stand at $49/mt and $16/mt, respectively.

Lead times of 5-7 days are recommended for VLSFO in Zhoushan. The grade was subject to enquiry last week. Availability of LSMGO and HSFO remains good in the port, with short lead times of 2-5 days – virtually unchanged from last week.

All grades remain in ample supply in Hong Kong, with unchanged lead times of 5-7 days. Bad weather is forecast in Hong Kong on Saturday, which could disrupt bunker deliveries at the port.

Meanwhile, tropical cyclone Jasper made landfall north of Cape Tribulation, Australia yesterday evening, and is expected to cross the southern Peninsula into the Gulf of Carpentaria by late Friday.

Port operations remained suspended in the Australian ports of Cape Flattery and Mourilyan since Tuesday due to the cyclone, while operations have partially resumed in Cairns since noon today. Ports of Abbot Point, Hay Point and Townsville have not been affected and remain operational, according to GAC Hot Port News.

Brent

The front-month ICE Brent contract gained $2.66/bbl on the day, to trade at $75.27/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent's price moved up after the US Energy Information Administration reported a bigger-than-expected US crude stock draw. Commercial US crude inventories dropped by 4.26 million bbls on the week, to 440.77 million bbls on 8 December, according to the EIA.

"[Brent] prices received an early session bid from the weekly inventory report released by the Energy Information Administration [EIA]," said SPI Asset Management's managing partner Stephen Innes.

The US Federal Reserve left interest rates unchanged after it concluded the two-day Federal Open Market Committee (FOMC) meeting yesterday. However, the central bank signalled that it will consider interest rate cuts next year. The anticipation of lower interest rates further fuelled Brent's rally.

A more positive demand forecast emerged in the oil market following the Fed's 'dovish' signals of lower borrowing costs expected in 2024, analysts said. "This development [FOMC meeting] significantly reduced the likelihood of an economic slowdown in 2024 that could adversely impact demand," Innes added.

Lower interest rates reduce consumer borrowing costs, thereby stimulating economic growth and demand for oil.

Downward pressure:

Concerns about slowing demand in China topped with the latest disappointing US Consumer Price Index (CPI) report have added some downward pressure on Brent futures.

China's latest oil import data for November has disappointed the market, analysts said. Imports 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.

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