ENGINE: East of Suez Physical Bunker Market Update

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Prices in East of Suez ports have moved in mixed directions over the weekend, and prompt availability of VLSFO continues to remain tight in Singapore.

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

- **VLSFO prices up in Zhoushan ($1/mt), and down in Singapore ($7/mt) and Fujairah ($1/mt)**
- **LSMGO prices up in Zhoushan ($22/mt) and Singapore ($10/mt), and down in Fujairah ($1/mt)**
- **HSFO prices up in Fujairah ($11/mt), unchanged in Zhoushan, and down in Singapore ($1/mt)**

Zhoushan and Fujairah's VLSFO prices have been broadly steady since Friday, while Singapore's has dipped some. Zhoushan’s VLSFO premiums over Singapore and Fujairah have ticked up to $28/mt and $22/mt, respectively.

Zhoushan’s LSMGO price has risen by a significant $22/mt over the weekend – the steepest among the three major Asian bunker hubs. But it remains at a wide discount of $85/mt to Fujairah.

VLSFO availability remains normal in Zhoushan amid low demand, with several suppliers recommending lead times of 5-7 days – virtually unchanged from last week. HSFO and LSMGO remain in good supply at the port, with short lead times of 2-5 days required.

Prompt availability of VLSFO continues to remain tight in Singapore as several suppliers are still struggling with tight delivery schedules, a source says. Lead times of 7-9 days are recommended for the grade. Meanwhile, HSFO requires lead times of around 6-10 days. LSMGO remains readily available at the port.

All grades remain in good availability in Hong Kong as they have been in recent weeks. Lead times of 5-7 days are advised for all bunker fuel grades. Bad weather is forecast in Hong Kong between 20-21 December, which might disrupt bunker deliveries at the port.

Brent

Front-month ICE Brent contract has shed $0.10/bbl on the day from Friday, to trade at $76.97/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent has gained some upward momentum after the Israel-Hamas conflict rekindled crude oil supply concerns in the oil market. The Yemen-based Houthi militant organisation launched several drone attacks on commercial vessels sailing in the Red Sea over the weekend.

“Escalating shipping concerns in the Red Sea also added to the risk premium for oil,” said ING Bank’s head of commodities strategy Warren Patterson.

Container shipping line Mediterranean Shipping Company (MSC) said that it would avoid using the East-West trade route in the Suez Canal, after the Houthis attacked one of its vessels. On Friday, the Palatium III was attacked in the Bab al-Mandab Strait in the southern part of the Red Sea, according to Reuters.

Several shipping firms, including French container firm CMA CGM and Danish shipping company A.P. Moller-Maersk, have also said that they are suspending shipments across the Red Sea.

Downward pressure:

A weaker global crude oil demand projection for this year as a whole has contributed to cap Brent gains in recent days.

Brent futures have lost upward momentum after the International Energy Agency (IEA) revised its oil demand forecast downward. The Paris-based agency now projects that global oil demand will reach 101.7 million b/d this year, which is down by 300,000 b/d from its estimate in November.

“The monthly report from IEA was quite soft as demand was downgraded mostly from Europe,” Patterson commented.

“The agency [IEA] revised down demand estimates for 4Q23 [fourth quarter 2023] by around 400Mbbls/d [400,000 b/d] due to slower demand in Europe,” he said.

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