

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

10/01/24

Prices in East of Suez ports have moved in mixed directions, 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 (\$3/mt), unchanged in Singapore, and down in Zhoushan (\$10/mt)**
- **LSMGO prices up in Fujairah (\$12/mt) and Zhoushan (\$3/mt), and down in Singapore (\$5/mt)**
- **HSFO prices unchanged in Zhoushan, and down in Singapore (\$8/mt) and Fujairah (\$2/mt)**

In the past day, VLSFO prices in Fujairah and Singapore have maintained stability, while Zhoushan's VLSFO prices declined. Zhoushan's VLSFO price decline has been partly because of two lower-priced stems fixed in a narrow range of \$4/mt, influencing the benchmark. It maintains VLSFO premiums of \$14/mt over both Singapore and Fujairah.

VLSFO supply pressure persists in Zhoushan, with most suppliers recommending lead times of over a week. On the other hand, HSFO and LSMGO supply in Zhoushan has been relatively better, with shorter lead times of 3-5 days for both grades.

Fujairah has seen a notable \$12/mt increase in LSMGO prices, to keep its prices elevated compared to Singapore and Zhoushan. Fujairah's LSMGO premiums stand at \$150/mt and \$90/mt over Singapore and Zhoushan, respectively.

Suppliers in Fujairah continue to witness strong bunker demand despite the ongoing concerns in the nearby Red Sea. Recent attacks on ships have led shipping companies to reroute vessels around the southern tip of Africa rather than the shorter Suez Canal route. Bunker fuel availability has been constrained for all grades in Fujairah due to increased demand. However, some suppliers can still provide prompt stems for all grades.

Meanwhile, in the Egyptian port of Suez, VLSFO and LSMGO supply remains very tight.

Brent

The front-month ICE Brent contract gained \$0.61/bbl on the day, to trade at \$77.45/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained to reverse some earlier losses after the American Petroleum Institute (API) reported a massive decline in US crude stocks, indicating demand growth in the world's leading oil consumer.

Commercial US crude inventories declined by 5.2 million bbls in the week ended 5 January, according to API data.

The rising Houthi attacks on vessels in the Red Sea are raising concerns about oil shipments in the region, which could potentially result in higher Brent prices, analysts said.

"Brent crude settled around \$78 per barrel, and traders are assessing factors such as disruptions in the Red Sea, a critical shipping lane," SPI Asset Management's managing partner Stephen Innes said.

Downward pressure:

Downward pressures acting on Brent futures this week arise from weak demand indications in China, the second-largest oil consumer of the world.

China's state-owned refiners, Sinopec and PetroChina, reduced their refinery run rates in December due to weak domestic demand, market intelligence provider JLC reported. The decline in refinery runs suggests that demand in China is still lagging.

Meanwhile, Brent futures could come under additional downward pressure if Russia fails to adhere to the latest production quotas set by the OPEC+ oil-producer group, analysts said.

By Tuhin Roy and Aparupa Mazumder

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com