ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved in mixed directions across East of Suez ports, and bunker operations have resumed fully in Zhoushan this morning after being suspended for most part since Sunday.

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

- **VLSFO prices unchanged in Fujairah, and down in Zhoushan ($3/mt) and Singapore ($2/mt)**

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LSMGO prices unchanged in Fujairah, and down in Singapore ($5/mt) and Zhoushan ($3/mt)
HSFO prices up in Singapore and Zhoushan ($1/mt), and down in Fujairah ($2/mt)

Bunker deliveries have resumed at Zhoushan’s Tiaozhoumen and Xiazhimen anchorages today after being suspended by bad weather for the most part of the week since Sunday, a source says.

Bunkering is possible at all four anchorages in Zhoushan now.

VLSFO availability has improved in the Chinese bunkering hub, with lead times shortening to 3-5 days from 5-8 days at the start of the week. A source attributes the arrival of a VLSFO replenishment cargo yesterday and low demand for improvement in supply. Lead times for HSFO have also shortened from around seven days previously to 3-5 days now. Prompt supply of LSMGO is normal.

Despite a marginal drop in Zhoushan’s VLSFO price, the port’s premiums over Fujairah and Singapore stand at $15/mt and $8/mt, respectively.

Availability of VLSFO and HSFO remains tight in Singapore, with recommended lead times of 9-10 days and 5-10 days, respectively – almost same as last week. LSMGO is more readily available, with lead times of 4-6 days.

Supply of all bunker fuel grades remain tight in Hong Kong, with recommended lead times of 8-9 days - unchanged from last week.

Meanwhile, strong wind gusts of 20-22 knots and waves of more than a metre are forecast to hit Hong Kong on 9 April, which could disrupt bunkering.

Brent

Front-month ICE Brent has inched $0.05/bbl lower on the day, to $84.71/bbl at 17.00 SGT (09.00 GMT). The Brent futures contract is set to rise over 6% since last Friday to date.

Upward pressure:

ANZ commodity strategist Daniel Hynes has estimated that OPEC+'s surprise output cut "has the potential to push the implied oil market deficit as deep as 2mb/d [2 million b/d] in coming months." He adds that sluggish supply growth in the US and limited spare capacity with some suppliers will shore up oil prices in the near future.

ING's head of commodity strategy Warren Patterson echoes Hynes' comments about potential supply shortage in the oil market. ING has also raised its Brent price forecast to $100/bbl in the second half of 2023 from $97/bbl earlier.

Saudi Arabia has hiked the official selling price (OSP) for May Arab Light crude by 30 cents/bbl from April. According to Reuters, the OSP is now $2.80/bbl over Oman/Dubai quotes. The hike in OSP "points to further strength in demand in the region," Hynes says in a note.

Downward pressure:

The initial shock of OPEC+'s unexpected output cut has been mitigated by a drop in US job openings. A decline in job openings indicates that the rate of job growth is slowing down. This can be an early indicator of a weakening economy and highlights the possibility of a recession in the US.

Commercial US crude inventories declined by 3.74 million bbls on the week, to 469.96 million bbls on 31 March, according to the official weekly figures from the US Energy Information Administration (EIA). However, the decline was lower than the 4.3 million-bbl draw estimated by the American Petroleum Institute (API).

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