



ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved in mixed directions across East of Suez ports, and bunkering has resumed in Zhoushan this morning after being suspended by rough weather yesterday.

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

- **VLSFO prices up in Fujairah (\$14/mt) and Singapore (\$5/mt), and down in Zhoushan (\$4/mt)**
- **LSMGO prices up in Fujairah (\$1/mt), and down in Zhoushan (\$18/mt) and Singapore (\$10/mt)**
- **HSFO prices up in Fujairah (\$33/mt), Singapore (\$6/mt) and Zhoushan (\$1/mt)**

Bunker deliveries have resumed in Zhoushan this morning after being suspended by rough weather yesterday, a source says. Bunkering is possible at all four anchorages in Zhoushan now.

VLSFO and LSMGO stems need around 3-5 days of lead time in the Chinese bunkering hub, and HSFO requires 5-7 days - almost the same as at the end of last week.

Availability of VLSFO and HSFO has gotten tighter in Singapore, where the earliest estimated delivery dates range between 11-13 days for VLSFO, and 3-10 days for HSFO. LSMGO remains more readily available, with shorter delivery dates of 5-7 days estimated – marginally up from 4-6 days last week.

Meanwhile, prompt availability remains tight in Fujairah across all bunker fuel grades, with lead times of around seven days advised now – down from last week. Some suppliers can do prompt stems of all grades depending on quantity, a source says.

Fujairah's VLSFO price has risen by \$14/mt in the past day – the steepest among major Asian hubs. Two higher-priced VLSFO stems fixed in the port have contributed to the benchmark's upswing.

Fujairah's VLSFO price rise has meant that its VLSFO discount to Zhoushan has flipped to a marginal premium of \$3/mt.

Brent

Front-month ICE Brent has declined by \$0.49/bbl on the day, to \$84.70/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Global concerns over interest rate hikes and a potential global recession are exaggerated, Skylar Capital managing partner Bill Perkins told CNBC last week.

“I think there’s a lot of concern by global macro about a [global] recession happening, interest rates rising, but in a normal economic tightening cycle crude oil demand stays flat or grows. It doesn’t collapse,” he said.

Perkins said that Covid-led pandemic or housing crises were "extraordinary anomalous events" and cannot be compared with the current economic landscape. According to him, Brent could increase to \$120/bbl before it becomes “self-regulating”, and the overall market outlook is "bullish" for Brent.

The next few months will be the "most bullish time" for oil demand as the summer driving season starts and refinery maintenance ends in the US, Kpler's Matt Smith told CNBC.

Downward pressure:

The fragile economic states of the US and several European countries, and uncertainty about potential recessions have kept a lid on Brent price gains. The slow pace of China's demand recovery has added to the downward pressure on Brent futures.

“Crude prices are drifting lower as most energy traders are still on the sidelines until we get a clearer picture on the global growth outlook. There have been a lot of headlines but nothing is moving oil today as prices appear content hovering above the \$80 [\$80/bbl] given all the supply challenges,” says OANDA senior market analyst Ed Moya.

Refinitiv Oil Research estimates that Asian countries imported around 27.60 million b/d in March. That would be a 6.1% drop from the 29.4 million b/d imported in February, and also down from the 29.13 million b/d imported in January, Reuters reports.

By Tuhin Roy and Konica Bhatt

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