



ENGINE: East of Suez Physical Bunker Market Update

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East of Suez Market Update

Prices have moved south across East of Suez ports, and prompt availability across all grades remain tight in Fujairah.

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

VLSFO prices down in Fujairah (\$14/mt), Singapore (\$13/mt) and Zhoushan (\$8/mt)

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LSMGO prices down in Fujairah and Zhoushan (\$20/mt), and Singapore (\$11/mt)
HSFO prices down in Singapore and Zhoushan (\$8/mt), and Fujairah (\$7/mt)

Benchmarks across East of Suez ports have tracked declining Brent values. Fujairah's VLSFO price has declined by \$14/mt in the past day – the most among major Asian hubs. A lower-priced VLSFO stem fixed in the past day has weighed down the port's VLSFO benchmark.

Fujairah's VLSFO price decline has meant that its VLSFO discounts to Zhoushan and Singapore have widened to \$21/mt and \$8/mt, respectively.

Prompt availability across all bunker fuel grades remains tight amid good demand in Fujairah. But recommended lead times have shortened from seven days previously to 5-6 days now. Some suppliers can offer prompt stems for all grades, a source says.

VLSFO supply in Fujairah has improved with the arrival of replenishment cargoes. Two tankers carrying 422,000 bbls and 645,300 bbls of VLSFO arrived in the port from Kuwait recently, according to cargo tracker Vortexa. The arrival of new cargoes has helped to ease some supply pressure, a source says.

Lead times are almost same in the other UAE port of Khorfakkan at 5-7 days – virtually unchanged over the last couple of weeks.

Prompt availability of VLSFO and HSFO also remains tight in Zhoushan, requiring lead times of around seven days. LSMGO is more readily available in the port.

Zhoushan has been grappling with weather-related disruptions over the past few weeks. Strong wind gusts of 24-37 knots and swells of more than a metre are forecast to hit the port between 17-18 April, which could trigger bunkering suspension again.

Adverse weather conditions are also predicted to hamper bunker operations in the Thai port of Koh Sichang on 21 April, the Vietnamese port of Hai Phong between 18-19 April, and the Kiwi port of Tauranga between 15-18 April.

Brent

Front-month ICE Brent has slipped lower by \$1.22/bbl on the day, to \$86.04/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

OPEC has kept its global demand growth forecast for this year unchanged from its March outlook. The global oil demand is projected to increase by 2.3 million b/d this year to 101.9 million b/d, led by China, according to OPEC's latest oil market report.

China imported 12.37 million b/d of crude oil in March, according to official customs data accessed by Reuters. This is the highest level in nearly three years, Reuters reports.

OPEC has lowered Russia's oil production forecast by an additional 50,000 b/d from its March projection considering recent output cuts announced by the country. It has estimated Russian liquid fuel production to drop by 750,000 b/d to average 10.3 million b/d this year.

The US Energy Information Administration (EIA) has forecast the Brent spot price to average \$85/bbl this year - an upward revision of \$3/bbl from its March outlook. According to the EIA, the additional oil production cut announced by OPEC+ will tighten the oil market this year and push Brent's spot price higher.

Downward pressure:

OPEC has forecast a decline in the US and European summer oil demand in the second quarter of this year amid concerns over an economic slowdown and rising interest rates. The organisation has highlighted that "ongoing French refinery strikes" and "peak refinery maintenance in Asia" could further reduce summer oil demand.

The US Federal Reserve (Fed) released the minutes of its Federal Open Market Committee (FOMC) meeting held in March. The minutes indicate that the US economy is predicted to enter a recession later this year, partly because of headwinds from the recent banking sector turmoil. This could lower oil demand in the US.

By Tuhin Roy and Konica Bhatt

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