ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved south across East of Suez ports, and bunkering has been suspended in Zhoushan by rough weather since yesterday.

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

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

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- **LSMGO prices down in Zhoushan ($29/mt), Fujairah ($22/mt) and Singapore ($3/mt)**
- **HSFO prices down in Zhoushan ($22/mt), Fujairah ($14/mt) and Singapore ($7/mt)**

Bunker operations across all four anchorages in Zhoushan have been halted since yesterday afternoon due to rough weather, a source says.

The port is currently witnessing strong wind gusts of 23-29 knots and swells of close to a metre. Bunkering is likely to resume from tomorrow evening, when calmer weather is forecast.

VLSFO and HSFO stems require around 5-7 days in the port – almost unchanged from last week. LSMGO is more readily available, with shorter lead times of 3-5 days.

Zhoushan's VLSFO price has inched lower over the weekend. The Chinese bunkering hub's VLSFO premiums over Fujairah and Singapore stand at $21/mt and $14/mt, respectively.

Availability of all three bunker fuel grades remain tight in Singapore. Lead times of 10-12 days are recommended for VLSFO delivery in Singapore, while HSFO requires 4-11 days. LSMGO supply is said to be normal there, requiring lead times of 3-7 days.

Meanwhile, availability of HSFO has gotten tighter in Hong Kong. Supply of the product is now subject to enquiry. But availability of VLSFO and LSMGO has improved in the port, with lead times coming down from 8-9 days to around four days now.

Brent

Front-month ICE Brent has inched lower by $0.29/bbl on the day from Friday, to $85.75/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Forecasts of higher global oil demand and a subsequent shortage of supply this year are supporting Brent futures.

OPEC has projected global oil demand to increase by 2.3 million b/d this year to 101.9 million b/d. The International Energy Agency (IEA) has also forecast a "record" world oil demand of 101.9 million b/d this year.

The IEA has warned that this "record" world oil demand, led by recovery in Chinese consumption and surprise production cuts by OPEC+, will push the world oil supply down by 400,000 b/d by the end of this year.

The US Energy Information Administration (EIA) has also trimmed its global liquid fuel production forecast by 300,000 b/d from its March forecast. In its April short-term outlook, the EIA has forecast OPEC crude oil production to average 33.7 million b/d this year. This is down by 400,000 b/d from its previous forecast.

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.

"Some mild recession is definitely on the table" in the US – since the Federal Reserve has raised benchmark interest rate by "almost 500 basis points in a year", Chicago Fed President Austan Goolsbee has told CNBC.

By Tuhin Roy and Konica Bhatt

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