



## ENGINE: East of Suez Physical Bunker Market Update

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HSFO prices have come down across major Asian hubs, and bunkering has resumed at Zhoushan's Xiushandong and Mazhi anchorages today.

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

- VLSFO prices up in Fujairah (\$1/mt) and down in Singapore (\$8/mt) and Zhoushan (\$6/mt)

- **VLSFO prices up in Fujairah (\$1/mt), and down in Singapore (\$8/mt) and Zhoushan (\$8/mt)**
- **LSMGO prices up in Zhoushan (\$6/mt), and down in Fujairah (\$13/mt) and Singapore (\$3/mt)**
- **HSFO prices down in Zhoushan (\$7/mt), and Fujairah and Singapore (\$5/mt)**

Bunker deliveries have resumed at Zhoushan's slightly more sheltered Xiushandong anchorage and at the port's inner anchorage of Mazhi this noon after being suspended by rough weather since Sunday, a source says.

Meanwhile, bunkering is still suspended at the port's Tiaozhoumen and Xiazhimen anchorages. Bunkering is likely to resume fully from Friday, when calmer weather is forecast.

Lead times of 5-7 days are recommended for VLSFO and HSFO deliveries in the Chinese bunkering hub – virtually unchanged from last week. Availability of LSMGO is said to be good, requiring lead times of 3-5 days.

Prompt availability of all bunker fuel grades is tight in Fujairah as several suppliers are still grappling with loading delays caused by bad weather last week. Demand has been good in the port, a source says. Lead times of 5-7 days are recommended across all grades – almost same as last week. However, some suppliers can offer prompt stems for all grades depending on the quantity, a source says.

Fujairah's VLSFO price has moved counter to Brent's downward pull and gained \$1/mt in the past day. Five VLSFO stems have been fixed in Fujairah in a wide range of \$24/mt in the past day. Stems at the higher end of this range have contributed to push the port's benchmark higher.

Fujairah's VLSFO price gain has meant that its VLSFO discount to Singapore has flipped to a marginal premium of \$2/mt.

Lead times of 5-7 days are also advised across all fuel grades in another UAE port of Khorfakkan.

## **Brent**

Front-month ICE Brent has slipped by \$1.47/bbl lower on the day, to \$84.28/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

The International Energy Agency (IEA) has forecast a "record" global oil demand of 101.9 million b/d this year, mainly due to China's rising demand for oil. The IEA has also warned that surprise production cuts by OPEC+ will lead to a supply deficit of nearly 400,000 b/d by the end of this year.

China's gross domestic product (GDP) in the first quarter of 2023 rose by 4.5% on the year, Reuters reports citing data from the National Bureau of Statistics. This has surpassed the 4.0% growth estimate given by analysts polled by Reuters. The Chinese government has set a 5% economic growth target for 2023.

Goldman Sachs has noted that the GDP data indicates that China's economy is on track to recover after the country relaxed most restrictions related to Covid. "Today's [China GDP] data are in line with our full-year bullish view for China growth," Goldman Sachs' chief China economist Hui Shan tells CNBC. Goldman Sachs has forecast China's GDP growth at 6% this year.

### **Downward pressure:**

On the flip side, China's economy grew by only 2.2% on a quarterly basis, compared with 2.9% in the fourth quarter of last year, according to Reuters.

OANDA's senior market analyst Craig Erlam has argued that China's GDP growth was largely driven by retail sales. The industrial production figures, on the other hand, were "less inspiring" and underscore economic difficulties this year, he says.

Reuters has reported that negotiations between the Iraqi and Kurdish governments are progressing. A ceasefire between Iraqi and Kurdish authorities will allow oil exports to resume from the Kurdistan region in northern Iraq through the Ceyhan export terminal in Turkey.

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