
# ENGINE: East of Suez Physical Bunker Market Update

## 19/04/23

VLSFO and LSMGO prices have moved south across major Asian hubs, and bunkering has been suspended in Zhoushan's OPL area since Sunday.

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

- **VLSFO prices down in Fujairah ($8/mt), Zhoushan ($5/mt) and Singapore ($4/mt)**

- **VLSFO prices down in Fujairah ($8/mt), Zhoushan ($5/mt) and Singapore ($4/mt)**
- **LSMGO prices down in Fujairah ($10/mt), Zhoushan ($9/mt) and Singapore ($5/mt)**
- **HSFO prices up in Fujairah ($5/mt) and Zhoushan ($1/mt), and down in Singapore ($5/mt)**

VLSFO benchmarks across East of Suez ports have tracked fall in Brent futures. The grade's price in all three major Asian hubs have come down in the past day.

Two higher priced VLSFO stems have been fixed in $9/mt range in Singapore in the past day. These stems have lent some support to the port's benchmark.

A modest fall in Singapore's VLSFO price has meant that its discount to Fujairah has swung to a marginal premium of $2/mt.

Lead times of 10-12 days are recommended for VLSFO deliveries in Singapore – slightly shorter than 11-13 days last week. HSFO deliveries require lead times of 4-11 days.

Availability of all bunker fuel grades is normal in Zhoushan. Lead times of 5-7 days are generally recommended for VLSFO and HSFO deliveries in the Chinese bunkering hub – almost unchanged since last week. LSMGO remains readily available.

Zhoushan continues to grapple with weather-induced disruptions, which has been impacting deliveries there, a source says.

Bunkering has been suspended by rough weather at Zhoushan’s Tiaozhoumen and Xiazhimen anchorages since Sunday, a source says.

Meanwhile, bunker operations have been running smoothly at Zhoushan's slightly more sheltered Xiushandong anchorage and at the port's inner anchorage of Mazhi since yesterday noon. Bunker deliveries are likely to resume fully from Friday, when calmer weather is forecast.

**Brent**

Front-month ICE Brent has declined further by $1.18/bbl on the day, to $83.10/bbl at 17.00 SGT (09.00 GMT).

**Upward pressure:**

The market is seeing signs of a demand recovery from China.

China reported a gross domestic product (GDP) growth of 4.5% in the first quarter of this year. The data was above market expectations, says Phil Flynn, senior account executive at The Price Futures Group.

Also, China’s oil refinery throughput surged to a record 14.9 million b/d in March, which indicates "robust oil demand" from the world's biggest oil importer, Phil adds.

US crude inventories have declined by 2.7 million bbls in the week ending 14 April, according to an American Petroleum Institute (API) estimate. The official US Energy Information Administration’s weekly data is scheduled for release today.

BP PLC's chief economist Spencer Dale has told Reuters that the global oil market is expected to tighten in the second half of this year due to the OPEC+'s decision to cut oil production.

**Downward pressure:**

The US Federal Reserve is expected to continue raising its benchmark interest rate, which could keep Brent futures under pressure.

In separate comments, Atlanta Federal Reserve President Raphael Bostic and St. Louis Federal Reserve President James Bullard have alluded to a further 25 basis point interest rate hike by the US central bank.

Iraq's official state news agency has confirmed that Kurdish authorities met with Iraqi ministers to discuss the oil agreement between the two regions. The agreement will pave the way for up to 450,000 b/d of crude oil to be exported from Iraq's Kurdistan-operated northern oil fields to Turkey.

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*Please get in touch with comments or additional info to news@engine.online*