



## ENGINE: East of Suez Physical Bunker Market Update

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Bunker prices in most East of Suez ports have tracked Brent's gains over the weekend, and bunkering has been suspended at all four of Zhoushan's anchorages this morning due to bad weather.

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

• VLSFO prices up in Zhoushan (\$6/mt) and Singapore (\$5/mt), and down in Fujairah (\$2/mt)

- **VLSFO prices up in Zhoushan (\$8/mt) and Singapore (\$5/mt), and down in Fujairah (\$3/mt)**
- **LSMGO prices up in Zhoushan (\$13/mt) and Singapore (\$1/mt), and down in Fujairah (\$3/mt)**
- **HSFO prices up in Zhoushan (\$14/mt), Singapore (\$5/mt) and Fujairah (\$2/mt)**

Fujairah's VLSFO price has run counter to Brent's rise and declined by \$3/mt over the weekend. A lower-priced VLSFO stem fixed in the UAE port over the weekend has contributed to dragging down its benchmark.

Fujairah's VLSFO price drop has meant that its discounts to Zhoushan and Singapore have widened to \$27/mt and \$13/mt, respectively.

Lead times of 5-7 days are recommended across all bunker fuel grades in Fujairah – unchanged from last week.

Availability of all three grades remains tight in Singapore. VLSFO stems need around 10-12 days of lead time, while lead times for HSFO vary between 6-12 days. Lead times for both grades remain roughly the same as last week. LSMGO availability is normal, with shorter lead times of 5-8 days advised.

Lead times for VLSFO and LSMGO are shorter in Zhoushan, where stems of both grades require 3-5 days ahead. HSFO needs 5-7 days in the Chinese bunkering hub – slightly up from 3-5 days at the end of last week.

However, Zhoushan has been grappling with persistent weather-induced disruptions since last week. Bunkering has been suspended at all four anchorages of Zhoushan port since this morning due to rough weather, a source says.

Bunker operations could resume fully tomorrow, when calmer weather is forecast.

## **Brent**

The front-month ICE Brent contract has inched up by \$0.31/bbl on the day from Friday, to \$81.46/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Prospects of a Chinese oil demand recovery and supply shortages from reduced OPEC+ production remain the key supports for Brent. Chinese travel and fuel demand is expected to surge during the nation's five-day Golden Week holiday, which begins on 1 May.

According to the International Energy Agency (IEA), global oil demand will reach a “record” 101.9 million b/d this year. This historic demand, fuelled by the Chinese consumption recovery and OPEC+ output cuts, will also squeeze worldwide supply and tilt the supply-demand balance into a 400,000 b/d deficit by the end of the year, the watchdog has warned.

The Iraqi and Kurdish governments have not yet reached an agreement on oil supplies from Kurdish fields located in northern Iraq. The impasse has kept around 450,000 b/d of Kurdish crude supply away from the market.

### **Downward pressure:**

Russia emerged as India's top supplier in the last fiscal year, Reuters has reported citing industry sources, as OPEC oil producers' Indian oil imports declined to the lowest level in 22 years.

This is the first time that Russia has overtaken OPEC producers Iraq and Saudi Arabia as the leading supplier to India, according to data accessed by Reuters. Russian Urals crude oil is trading at a \$17/bbl discount to the Brent spot price today.

“The recent stress in the US banking sector has heightened concerns around the growth trajectory, triggering a shift from a market heavily focused on inflation last year to growth concerns,” SPI Asset Management managing partner Stephen Innes said in a note. The US Federal Reserve's signalling of a rate hike beyond May could be negative for oil markets, he added.

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