

# MARKET UPDATE EAST OF SUEZ

ENGINE



## ENGINE: East of Suez Bunker Fuel Market Update

25/04/23

VLSFO and LSMGO prices have moved up with Brent's gains, and bunkering has resumed across all four of Zhoushan's anchorages today after being suspended by bad weather yesterday.

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

**VLSFO prices up in Zhoushan (\$13/mt), Singapore (\$6/mt) and Fujairah (\$5/mt)**

**LSMGO prices up in Fujairah (\$24/mt), Singapore (\$18/mt) and Zhoushan (\$2/mt)**

**HSFO prices up in Fujairah (\$13/mt) and Singapore (\$9/mt), and down in Zhoushan (\$5/mt)**

Bunker deliveries have resumed at all of Zhoushan's four anchorages today, after being suspended by rough weather yesterday, a source says.

VLSFO and LSMGO stems require lead times of 3-5 days in the Chinese bunkering hub – virtually unchanged from end of last week. Lead times for HSFO are slightly longer at 5-7 days recommended.

Zhoushan's VLSFO price has gained \$13/mt in the past day – steepest among major Asian hubs. Two VLSFO stems were fixed in the past day in Zhoushan in a wide range of \$27/mt, with one at the higher end of the range supporting the benchmark's upward thrust.

Zhoushan's VLSFO price gain has meant that its VLSFO premiums over Fujairah and Singapore have widened to \$35/mt and \$21/mt, respectively.

Availability of VLSFO and HSFO has gotten tighter in Singapore, where stems of both grades require lead times of 9-11 days and 5-11 days, respectively. Lead times of both grades are roughly the same as last week. LSMGO is more readily available with shorter lead times of 4-7 days.

Availability of LSMGO is also good in Hong Kong, with prompt dates available. Meanwhile, prompt dates are tight for VLSFO and HSFO in the port, with both grades needing lead times of around seven days. Availability of HSFO has improved in Hong Kong from last week, when the grade was subject to enquiry.

On the other hand, lead times for VLSFO and LSMGO have risen from four days last week.

## **Brent**

The front-month ICE Brent contract has moved up by \$1.34/bbl on the day, to \$82.80/bbl at 17.00 SGT (09.00 GMT).

### **Upward pressure:**

Brent has regained its footing with attention shifting from macroeconomic concerns to oil supply-demand dynamics.

Supply shortage worries have been exacerbated by Iraq sparking a supply crunch, by OPEC and Russia's forthcoming production cuts, and by an expected rise in Chinese fuel demand during the upcoming five-day Golden Week holidays.

The Kurdish and Iraqi governments have been at odds over oil exports from northern Iraq for the past month, and four sources have told Reuters that there are "few concrete signs" that the 450,000 b/d of Kurdish supply will resume any time soon.

According to Bloomberg, European refineries have been experiencing crude oil input shortages since Iraq halted supplies of Kurdish crude. Since Russia invaded Ukraine last year, European refiners have turned more to Iraqi crude after to replace Russian product. The two countries' crude grades have similar densities and sulphur contents.

"Earlier today, a couple of tankers gave up after waiting almost a month for Iraqi Kurdish oil," OANDA analyst Ed Moya wrote in a note published on Monday. "This is a reminder that the oil market is going to remain sensitive to replacing the sour crude it was getting from Russia. Not all crude grades are equal and can easily replace each other," Moya added.

### **Downward pressure:**

Both the US Federal Reserve and the European Central Bank (ECB) are expected to raise their key interest rates at policy meetings next week. Investors are wary of central bankers' comments on interest rates and hike signals can contribute to keep Brent in check.

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