
# ENGINE: East of Suez Physical Bunker Market Update

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Prices across major Asian hubs have moved in mixed directions in the past day. Bunkering could be suspended by bad weather in Zhoushan from Wednesday.

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

- **VLSFO prices up in Fujairah ($3/mt) and Zhoushan ($2/mt), and down in Singapore ($6/mt)**
- **LSMGO prices down in Fujairah ($46/mt), Zhoushan ($7/mt) and Singapore ($2/mt)**

**HSFO prices up in Singapore ($3/mt) and Zhoushan ($2/mt), and down in Fujairah ($18/mt)**

VLSFO benchmarks across East of Suez ports have mostly tracked Brent's rise and gained in the past day. But Singapore's VLSFO has run counter to the general market direction and declined by $6/mt. This has narrowed its VLSFO premium over Fujairah to $4/mt, and widened its VLSFO discount to Zhoushan to $19/mt.

The port's LSMGO price has also dipped by $2/mt and is languishing at multi-month lows.

Availability of VLSFO remains tight in Singapore, with lead times now stretching to almost two weeks out – up from 9-11 days last week. LSMGO stems require much shorter lead times of 4-6 days, while lead times of HSFO vary widely between 3-10 days.

LSMGO availability remains good in Hong Kong as well, with prompt dates available. Availability of VLSFO and HSFO has gotten tighter amid good demand in the port. Lead times for both grades are up from around seven days last week, to 10-11 days now.

Availability is tight in China's Zhoushan. Recommended lead times for VLSFO now stretch to over two weeks in the bunkering hub, and LSMGO and HSFO stems require lead times of 10-12 days.

Bunkering activity remains muted in Chinese the port due to Labour Day holidays that last from 29 April to 3 May.

Furthermore, bunkering operations in Zhoushan could be suspended tomorrow, when bad weather is forecast, a source says. Strong winds of 21-25 knots and swells of more than a metre are expected to hit the Chinese bunkering hub between 3-5 May, which could further disrupt bunker deliveries.

**Brent**

The front-month ICE Brent contract moved up by $0.70/bbl on the day, to $79.15/bbl at 17.00 SGT (09.00 GMT).

**Upward pressure:**

Brent extended its gains as concerns over tightening global supply overshadowed uncertainty about US macroeconomic conditions.

OPEC+'s voluntary output cuts of 1.16 million b/d went into effect on Monday and will last through 2023. The alliance previously announced a 2 million b/d cut in output last October, bringing its total output reduction to 3.66 million b/d this year.

A "significant recession" in the US could cause OPEC to intervene again, said SPI Asset Management's managing partner Stephen Innes, adding that "traders are likely reluctant to aggressively short the market, especially with US data holding up for now."

**Downward pressure:**

The market has been watching China's economic growth closely after it came out of Covid-19 lockdowns, particularly after it reported a drop in its April manufacturing activity. This has stifled further Brent price gains.

Investor sentiment has also been dampened by a rising interest rate environment in the US, following the collapse of First Republic Bank last week. In the past two months, three big US banks have failed, highlighting the impact of higher interest rates on the banking industry. These closures were bigger than the 25 banks that folded in 2008, reported The New York Times.

The US Federal Reserve is expected to further raise its benchmark interest rate by 25 basis points at this week's policy meeting, despite growing concerns about a US recession. Traders will closely monitor the central bank's remarks on the state of the US economy and will look for clues on the future direction of interest rates.

*By Tuhin Roy and Konica Bhatt*