ENGINE: East of Suez Physical Bunker Market Update

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Prices across major Asian hubs have risen with Brent, while bunkering has been halted in Zhoushan's OPL today amid bad weather conditions.

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

- **VLSFO prices up in Fujairah ($14/mt), Singapore ($11/mt) and Zhoushan ($7/mt)**
- **LSMGO prices up in Fujairah ($28/mt), Singapore ($27/mt) and Zhoushan ($19/mt)**
- **HSFO prices up in Zhoushan ($20/mt), Singapore ($10/mt) and Fujairah ($7/mt)**

Bunker operations in Zhoushan's outer port limit (OPL) area have been suspended today due to rough weather, a source says. Deliveries at the port's more sheltered Xiushandong anchorage have also been halted owing to inclement weather, the source adds.

Bunkering in the Chinese hub is likely to resume fully from tomorrow morning, when calmer weather is expected.

Bunker prices across all grades have risen in Singapore over the weekend. Three VLSFO stems have been fixed in Singapore since Sunday in a range of $17/mt. Stems booked at the upper end of that range contributed to push the port's benchmark higher. Four suppliers in Singapore are said to be booked for prompt dates.

Meanwhile, Hong Kong and Singapore are forecast to experience bad weather conditions on 9-10 May, which could complicate deliveries there.

Availability of all three bunker fuel grades remains tight in Fujairah amid good demand. Lead times of 5-7 days are recommended for all grades in the UAE port. But some suppliers can offer prompt deliveries depending on quantity, a source says.

Lead times of 5-7 days are advised for all grades in the UAE port of Khorfakkan as well. However, a few suppliers can execute prompt deliveries there.

Brent

The front-month ICE Brent contract has gained by $2.70/bbl on the day from Friday, to $76.49/bbl at 09.00 GMT.

Upward pressure:

Brent prices have rebounded as tightening supply has once again taken center-stage. According to market analysts, OPEC+ is likely to announce further output cuts at its June in-person meeting.

“The oil fundamentals for supply are still somewhat bearish, but expectations are for OPEC+ to take care of that at next month’s meeting on output,” says Ed Moya, senior market analyst at OANDA.

The producers' group is tracking market fundamentals around the crude sector very closely, says Phil Flynn, senior account executive at The Price Futures Group. “Sources that I have spoken with believe that OPEC is only a few dollars away from another surprise production cut if this market does not recover soon.”

Another round of supply cuts by OPEC+ would further tighten oil inventories in major producing countries.

Downward pressure:

The US Congress is at a standstill over raising the debt ceiling. US Treasury Secretary Janet Yellen has warned the ceiling could be breached as early as 1 June.

The White House's economic advisors have warned of a financial crisis akin to the "great recession" of 2008 if the US defaults on its debt payments.

China’s slower-than-expected economic recovery, after the lockdowns were lifted, remains a point of concerns for traders. The uncertainty surrounding China's economy has made market nervous about the potential increase in demand that was earlier expected to drive Brent higher.

"We think that most [commodity] prices will continue to struggle over the next few months due to slowdowns in advanced economies," London-based Capital Economics said in a note to clients.

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