MARKET UPDATE

EAST OF SUEZ

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ENGINE: East of Suez Physical Bunker Market Update

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Regional benchmarks have declined with Brent values, and bunkering has resumed in Zoushan's OPL today amid calmer weather conditions.

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

VLSFO prices down in Fujairah ($27/mt), Singapore ($14/mt) and Zhoushan ($12/mt)
LSMGO prices down in Fujairah ($31/mt), Zhoushan ($9/mt) and Singapore ($2/mt)
HSFO prices down in Zhoushan ($15/mt), Fujairah ($3/mt) and Singapore ($1/mt)

Bunker deliveries in Zhoushan’s outer port limit (OPL) area and at the port's inner anchorage have resumed today amid calmer weather.

Fixing prompt stems for VLSFO in the Chinese hub can be difficult. The earliest date for the grade's delivery there now stands on 15 May, a source says. Lead times of 3-5 days are advised for HFSO and LSMGO deliveries.

Singapore's LSMGO price has come down slightly in the past day. Supply of the grade is said to be normal, requiring lead times of around 5-7 days. However, HFSO and VLSFO deliveries need longer periods of 8-13 days and 10-14 days, respectively.

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

Lead times of 4-5 days are advised for all grades in the UAE port of Khorfakkan, but a few suppliers can execute prompt deliveries there.

Some ports in the East of Suez region are forecast to experience bad weather, which could disrupt bunkering operations in the coming days.

Adverse weather conditions are forecast in the Kiwi port of Tauranga over the next 2-3 days, and in Hong Kong tomorrow. Thailand’s Koh Sichang port is also likely to experience inclement weather on 13 May.

Brent

The front-month ICE Brent contract inched lower by $0.25/bbl on the day, to $76.25/bbl at 09.00 GMT.

Upward pressure:

Decreasing Chinese oil imports and global macroeconomic worries may prompt OPEC+ producers to announce further cuts to output this year, according to analysts. A short-supply situation bodes well for prices.

Several major Canadian oil and gas producers have halted operations as a safety precaution following raging wildfires in the west of that country. This has shut off over 200,000 b/d of oil equivalent from the market. Most companies are uncertain about when production will resume.

Downward pressure:

China has reported a decline in crude imports, which indicates stagnant domestic demand nationwide. This casts doubts over expectations of a strong recovery in the world's largest oil consumer.

Imports have slipped 16% on the month, to 10.3 million b/d in April, according to a Reuters report that cited Chinese customs data. That was also a 1.45% drop from the same month last year.

In the US, lawmakers remain in a deadlock over raising the government's borrowing limit. 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.

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