

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Brent gains have pushed up nearly all bunker prices across East of Suez ports. Bunker operations could face weather disruptions in the port of Tauranga today.

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

- **VLSFO prices up in Zhoushan (\$19/mt), Fujairah (\$9/mt) and Singapore (\$6/mt)**
- **LSMGO prices up in Singapore (\$10/mt) and Fujairah (\$9/mt), and down in Zhoushan (\$1/mt)**
- **HSFO prices up in Singapore (\$6/mt) and Fujairah (\$4/mt), and down Zhoushan (\$1/mt)**

In Asia, normal weather is forecast for Zhoushan's outer port limit (OPL) and the inner anchorages for the rest of the week.

Lead times for VLSFO deliveries in Zhoushan continue to hover between 5-7 days, a source says, while those for HSFO and LSMGO are relatively prompt at the Chinese hub, at 3-5 days.

At the UAE's Fujairah port, bunker availability is "super tight", according to a second source. Lead times are 5-7 days for all fuel grades. However, some suppliers could still execute prompt deliveries depending on quality, he added.

Demand in Singapore, meanwhile, is "better" than what it was on Wednesday, says a third source. "Though not fantastic."

Some ports in the region could report stoppages in bunker operations in the coming days. Bad weather is forecast for the day in New Zealand's Tauranga port. Elsewhere, a prediction for Thailand's Koh Sichang port warns of rough waves on 13 May, while a forecast for Hong Kong warns of bad weather on 16 May.

Brent

The front-month ICE Brent contract has gained by \$0.99/bbl, to \$77.26/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

The US Energy Information Administration (EIA) maintained its global liquid fuel demand forecast for 2023. In its latest monthly report, the watchdog predicted consumption will still reach 100.9 million b/d this year and 102.7 million b/d in 2024, led by China and India.

The EIA reaffirming these forecasts gives the markets some hope that China's oil demand can rebound this year, alongside optimism that India could bolster its crude imports.

Downward pressure:

Commercial US oil inventories have gained by 2.95 million barrels on the week, to 462.58 million barrels on 5 May, according to US EIA data.

The build in US crude inventories “comes amid an uncertain economic backdrop,” says ANZ commodity strategist Daniel Hynes. “While US inflation eased more than expected in April, there are fears the impact of recent rate hikes are only now surfacing in the US economy.”

Meanwhile, in China, peak refinery maintenance contributed to a 16% decline in oil imports in April, per a report by market intelligence provider JLC.

“The month-on-month slump was mainly because March imports rose to an unusually high level, amid delayed customs declarations of some cargoes from the first two months of the year,” JLC stated. It expects a modest increase in May's crude imports.

By Munikoti Rochan and Konica Bhatt

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