

MARKET UPDATE EAST OF SUEZ

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ENGINE: East of Suez Physical Bunker Market Update

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Bunker benchmarks in most East of Suez ports have moved in mixed directions, and bunkering has resumed in Zhoushan's OPL area.

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

VLSFO prices up in Zhoushan (8/mt), Singapore (\$2/mt) and Fujairah (\$2/mt)

LSMGO prices up in Fujairah (\$4/mt), Singapore (\$1/mt) and down in Zhoushan (\$6/mt)

HSFO prices up in Fujairah (\$12/mt), flat in Singapore and down in Zhoushan (\$1/mt)

In East Asia, refuelling at Zhoushan's outer port limit (OPL) has resumed today after being halted yesterday due to bad weather conditions, a source says. However, bunker demand is "low" there, the source adds.

Lead times for HSFO and VLSFO hover between 4-7 days, while LSMGO requires around 3-5 days.

Demand for marine fuels is said to be normal in Singapore, according to a second source. Lead times for HSFO deliveries are projected at 8-12 days, while that for VLSFO are 9-12 days. LSMGO deliveries would be relatively prompt, at 5-8 days.

Rough weather conditions are forecast in South Korea in the coming days. This could impact bunkering in some ports there. Another forecast says New Zealand's Tauranga port could experience rough seas over this weekend.

Brent

The front-month ICE Brent contract has inched lower by \$0.24/bbl on the day, to \$76.27/bbl at 17.00 SGT (09.00 GMT). Futures are set to gain over 3% on the week.

Upward pressure:

Both India and the US announced buyback plans to refill emergency oil reserves, and these moves will result in a supply deficit forecast by the International Energy Agency (IEA), says Phil Flynn, senior account executive of The Price Futures Group.

According to the Joint Organisations Data Initiative (JODI), global crude demand surged by a historic 3 million b/d from February to March, Flynn notes. JODI is a collaboration of six international energy agencies, including the IEA and OPEC.

In the US, three lawmakers have proposed a bill to reimpose a ban on US crude exports, according to US Senator Edward Markey.

America is the largest supplier of crude oil to the EU since the latter banned Russian seaborne crude oil imports. A ban on US oil exports would create a significant supply gap in the European bloc. This could lead to a surge in demand for OPEC oil and boost Brent prices in the long term.

Downward pressure:

Brent continues to trade in a lower range from where it stood before the banking sector turmoil began, says Craig Erlam, senior market analyst at OANDA.

“Better economic expectations or another OPEC+ intervention will likely be needed in order to lift oil prices back into that December to March range and neither looks likely over the next couple of weeks,” Erlam adds.

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