



## ENGINE: East of Suez Physical Bunker Market Update

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East of Suez Market Update

Benchmarks have moved in mixed directions across major Asian hubs, and bunker deliveries have resumed in Zhoushan's OPL area this morning after being halted by bad weather since Sunday.

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

VLSFO prices up in Zhoushan (\$7/mt) and Fujairah (\$3/mt), and down in Singapore (5/mt)

LSMGO prices up in Zhoushan (\$7/mt), and down in Fujairah (\$10/mt) and Singapore (\$8/mt)

HSFO prices up in Zhoushan (\$10/mt) and Singapore (\$6/mt), and down in Fujairah (\$8/mt)

Prices across all bunker fuel grades have risen in Zhoushan in the past day, in tandem with Brent's upward push. Higher-priced indications for all grades have supported the benchmarks' upthrust.

Zhoushan's VLSFO price rise has meant that the grade's price remains at elevated levels to both Fujairah and Singapore. The Chinese bunkering hub's VLSFO premiums over Fujairah and Singapore have widened to \$31/mt and \$16/mt, respectively.

Availability of VLSFO and LSMGO is good in Zhoushan, with recommended lead times of 4-7 days. HSFO stems require around seven days in the port.

Bunker operations have resumed at Zhoushan's Tiaozhoumen and Xiazhimen anchorages this morning after being suspended by bad weather since Sunday, a source says. But strong wind gusts of 23-31 knots are forecast between 26-28 May, which could disrupt operations again. Zhoushan has been grappling with weather disruptions for quite some time now, which has slowed down bunkering there, a source says.

Adverse weather conditions are also anticipated to hamper bunker deliveries in the Philippine port of Subic Bay and the Vietnamese port of Ho Chi Minh on 30 May, and the Kiwi port of Tauranga between 28-29 May.

## *Brent*

*The front-month ICE Brent contract has inched upwards by \$0.24/bbl on the day, to \$75.79/bbl at 17.00 SGT (09.00 GMT).*

### *Upward pressure:*

*Nigeria has commissioned the 650,000 b/d Dangote oil refinery, which will begin operations in June. The facility is most likely to process Nigerian crude. However, in recent years, the OPEC member has struggled to meet its production targets due to various factors, including oil theft.*

*The possibility that Nigeria will have to reduce its crude exports to divert supply to the refinery could further exacerbate concerns about supply tightening.*

*Meanwhile, seaborne net exports of OPEC nations that implemented production cuts, starting in May, have declined by 1 million b/d over the past two weeks, according to SPI Asset Management's managing partner Stephen Innes, who cited Kpler data.*

*Furthermore, a Kpler forecast states Russia's oil production for May will hover at 10.70 million b/d, a decrease of about 350,000 b/d from February's output.*

### *Downward pressure:*

*The oil market remains cautious as the US Congress is still caught in a debt-ceiling stalemate, with the "hard-deadline" of 1 June just over 10 days away.*

*Concerns over the world's largest economy defaulting on its debt obligations, coupled with slower-than-expected economic recovery in China, have kept Brent under the weather this month.*

*"Oil prices have come under significant pressure through Q2, primarily reflecting evidence of increasing Western demand headwinds from a sharp manufacturing slowdown and collateral damage from the US banking sectors," Stephen Innes wrote in a recent note to clients.*

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*By Tuhin Roy and Konica Bhatt*

*Please get in touch with comments or additional info to [news@engine.online](mailto:news@engine.online)*

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