



ENGINE: East of Suez Physical Bunker Market Update

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Bunker prices have fallen across East of Suez ports, and availability is tight across all grades in Fujairah.

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

- **VLSFO prices down in Singapore (\$7/mt), Fujairah (\$6/mt) and Zhoushan (\$5/mt)**
- **LSMGO prices unchanged in Fujairah, and down in Zhoushan (\$12/mt) and Singapore (\$6/mt)**
- **HSFO prices down in Singapore (\$13/mt), Zhoushan (\$6/mt) and Fujairah (\$3/mt)**

Most benchmarks in major Asian bunker hubs have slumped in the past day tracking declining Brent.

Singapore's VLSFO price declined by \$7/mt in the past day, the highest among the three major ports. A total of six VLSFO stems have been fixed in a narrow range of \$3/mt in the past day. Stems booked at the lower end of that range weighed down the benchmark.

Singapore is now witnessing average bunker demand, following an uptick earlier this week, a source says. Supply of VLSFO and HSFO remains tight in the port, with lead times ranging between 6-11 days for both grades.

Lead times of 6-9 days are advised for LSMGO, up from 5-7 days at the start of this week.

Bunker fuel availability across all grades in Fujairah is getting tight amid good demand. Some suppliers, who were supplying stems for prompt dates at the beginning of the week are now recommending lead times of 7-8 days. A few suppliers can offer prompt deliveries, but these are subject to stem sizes, a source says.

Stems across all bunker fuel grades need lead times of 5-7 days in the UAE port of Khor Fakkan – unchanged through the week.

Brent

The front-month ICE Brent contract has inched lower by \$0.44/bbl on the day, to \$77.50/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent price is evidently buoyed by positive comments about increasing demand amid concerns over tightening supply.

"It's going to be a busy summer" owing to currently high consumer demand, United Airlines chief executive Scott Kirby has told CNBC. According to him, the US-based airline will serve 2.9 million passengers during the Memorial Day weekend. Kirby's remarks come as a welcome relief amid concerns that a looming US recession could dampen oil demand.

Meanwhile, on the supply side, commercial US crude inventories plunged by 12.46 million bbls on the week, to 455.17 million bbls on 19 May, according to figures from the US Energy Information Administration (EIA). The draw has far eclipsed the 6.8 million-bbl decline estimated by the American Petroleum Institute.

Adding to worries about supply constraints, Saudi Arabia's oil minister Abdulaziz bin Salman has warned against a repeat of OPEC+' intervention to cut production if speculators push Brent's price lower. The warning comes as positioning data of 16 May shows that traders have increased their gross short positions in ICE Brent futures.

Downward pressure:

On the flip side, disappointing Chinese economic data and dwindling prospects for robust economic recovery have made Brent price vulnerable. China's industrial production increased by 5.6% in April over the past year. It was, however, drastically lower than the 10.9% growth estimated by separate surveys of economists conducted by Bloomberg and Reuters.

Brent has been betting on a robust economic rebound in China to fuel oil demand. A slow economic recovery makes it unlikely that China will lead an increase in oil demand in line with predictions made by energy watchers such as the International Energy Agency and OPEC.

US debt-ceiling talks remain mired as the June 1 deadline draws closer. A US debt default could cripple the US economy and have serious repercussions around the world.

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