

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Prices have gained in East of Suez ports over the weekend, and bunkering has resumed at Zhoushan's OPL area on Saturday after a week of suspension amid bad weather.

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

VLSFO prices up in Fujairah (\$19/mt), Zhoushan (\$17/mt) and Singapore (\$4/mt)

LSMGO prices up in Fujairah (\$43/mt), Singapore (\$27/mt) and Zhoushan (\$16/mt)

HSFO prices up in Singapore (\$21/mt), Zhoushan (\$13/mt) and Fujairah (\$11/mt)

Bunker benchmarks in major Asian hubs have tracked Brent's upward movement and gained over the weekend.

Both Fujairah and Zhoushan's VLSFO prices have risen by \$19/mt and \$17/mt, respectively, but Singapore's VLSFO price has gained by a modest \$4/mt. Two lower-priced VLSFO stems fixed on Friday have capped the port's benchmark gains.

Singapore's modest price gain has meant that its VLSFO premium over Fujairah has narrowed by \$15/mt to \$7/mt.

Availability remains tight across all bunker fuel grades in Singapore. VLSFO and HSFO stems require lead times of at least 9-12 days and 8-11 days, respectively. Lead times for LSMGO are slightly shorter at 6-8 days – similar to last week.

Availability is relatively better in Fujairah, with lead times of 5-7 days for all grades. Some suppliers can offer prompt stems of all grades, but their availability depends on the stem size, a source says.

The other UAE port of Khor Fakkan also has unchanged lead times of 5-7 days across all grades.

Meanwhile, prompt VLSFO supply has tightened in Zhoushan as some suppliers are running low on stocks. Lead times for the grade have nearly doubled from last week's 3-5 days to 5-7 days now. HSFO lead times, on the other hand, have reduced last week's 4-7 days to 3-5 days. LSMGO remains unchanged at 3-5 days.

After being suspended for a week due to bad weather, bunker operations at Zhoushan's outer anchorages of Tiaozhomen and Xiashimen resumed on Saturday, a source says. All four anchorages in the Chinese bunkering hub are now operational.

Brent

The front-month ICE Brent contract has gained by \$2.36/bbl on the day from Friday, to \$77.87/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent crude futures gained after Saudi Arabia announced an output reduction of 1 million b/d to 9 million b/d from July, at the OPEC+ meeting on Sunday.

The Organisation of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, agreed to extend output cuts until the end of 2024. From 1 January 2024, OPEC+ will reduce its output target by another 1.4 million b/d, and has set a new target for the whole of 2024 to 40.46 million b/d.

Russia will extend its voluntary output cut of 500,000 b/d until December 2024, Russia's Deputy Prime Minister Alexander Novak said after the OPEC+ meeting.

Oil markets have been monitoring the outcomes of this highly anticipated meeting as OPEC+ represents the leading group of producers of global crude oil. Its policies and regulations can have major impacts on prices.

Downward pressure:

OPEC+ allowed the UAE to raise its output target by around 200,000 b/d to 3.22 million b/d.

On the other hand, commercial crude inventories in the US gained by 4.49 million bbls in the week to 26 May, according to official Energy Information Administration (EIA) figures released last week.

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