



ENGINE: East of Suez Physical Bunker Market Update

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Most prices in East of Suez ports have moved up over the weekend, and bunkering has been suspended by bad weather at Zhoushan's OPL area since yesterday.

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

- VLSFO prices up in Zhoushan (\$3/mt) and Fujairah (\$1/mt), and unchanged in Singapore

- **LSMGO prices up in Fujairah (\$3/mt) and Zhoushan (\$2/mt), and down in Singapore (\$4/mt)**
- **HSFO prices up in Fujairah (\$4/mt), and Zhoushan and Singapore (\$3/mt)**

Most bunker benchmarks in major Asian hubs have mirrored Brent's upward movement.

But Singapore's VLSFO price has remained steady over the weekend, while its LSMGO price has moved counter to the general market direction. A total of nine VLSFO stems were fixed in a range of \$16/mt in the port over the weekend. Stems at the lower end of the range have contributed to keep the East Asian hub's VLSFO price steady.

Meanwhile, five LSMGO stems were fixed on Friday in a range of \$20/mt in the port, with stems at the lower end of the range weighing down the benchmark.

The port's steady VLSFO price has meant that its marginal VLSFO premium over Zhoushan has been erased and swung to a slight premium now. The port's VLSFO premium over Fujairah remains almost steady at \$16/mt.

Singapore's LSMGO discounts to Fujairah and Zhoushan stand at \$81/mt and \$34/mt, respectively.

Availability of VLSFO and HSFO remains tight in Singapore, with lead times of 9-12 days recommended – almost unchanged from last week. LSMGO is more readily available, with shorter lead times of 5-7 days.

Prompt availability across all grades remains tight in Fujairah, as it has been in recent weeks. Lead times of 5-7 days are advised across all bunker fuel grades in the UAE port.

Meanwhile, bunker availability is good across all grades in Zhoushan now. Some suppliers, who were unable to offer prompt dates for large stems of VLSFO last week, can supply the grade with a short lead time of 2-5 days now. LSMGO and HSFO demand also remains good, with prompt supply available.

But bunker operations at Zhoushan's OPL area have been suspended since yesterday due to bad weather, a source says. Bunkering is likely to resume fully from tomorrow when calmer weather is forecast.

Brent

The front-month ICE Brent contract has gained \$0.84/bbl on the day from Friday, to \$76.03/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures were supported by the onset of one million b/d output cut, pledged by Saudi Arabia along with a broader OPEC+ commitment to reduce supply into 2024, earlier in June.

Oil prices gained more after Saudi Arabia announced an extension of its voluntary production cut by one month to include August. The country is estimated to produce 9 million b/d of crude oil in August, Saudi Press Agency reports.

Moreover, a sharp fall in US oil inventories and signs of strengthening of the US economy lent more support to Brent futures. The US Energy Information Administration (EIA) reported that crude inventories in the US dropped by 9.6 million bbls last week.

Downward pressure:

The ongoing interest rate hiking cycles by major central banks around the world have dented global oil demand.

Recently, the US Federal Reserve's chairman Jerome Powell hinted at two more rate hikes by the end of this year. "The Fed has been a major hurdle as the historic rate hiking cycle has lowered oil demand expectations and has kept a lid on prices," said the Price Futures Group's senior analyst Phil Flynn.

The peak summer driving season in the US is supposed to boost demand but travel plans are getting impacted as more than a third of the US population are under air quality alerts, Phil Flynn further noted. "The Canadian wildfire smoke is having the biggest impact from the Midwest to the East Coast," the analyst added in the note.

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