

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Bunker prices have been rather rangebound with no major movements in the past day, and bunkering is partly suspended at Zhoushan's OPL.

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

- **VLSFO prices down in Singapore (\$8/mt), Fujairah (\$6/mt) and Zhoushan (\$3/mt)**
- **LSMGO prices up in Singapore (\$8/mt), and down in Zhoushan (\$6/mt) and Fujairah (\$5/mt)**
- **HSFO380 prices up in Fujairah (\$3/mt), and down in Singapore (\$3/mt) and Zhoushan (\$2/mt)**

Singapore's VLSFO benchmark has shed more than others, under pressure from lower-priced stems of 50-150 mt and above 1,500 mt in the past day.

The port's LSMGO price has gained against the general market direction, helped up by several large stems of 500-1,500 mt and more than 1,500 mt today. LSMGO stems have been fixed in a \$13/mt range.

It is possible to fix prompt VLSFO and LSMGO stems in Zhoushan, but when they will actually be delivered will depend on weather conditions. Bunkering has been suspended at the port's Tiaozhoumen and Xiazhimen OPL anchorages since yesterday evening. Two other anchorages are open to bunkering today.

All five of Zhoushan's anchorages are expected to be operational again tomorrow, but strong winds and swells are forecast until 13 July and could pose future problems to bunkering.

The earliest delivery dates for VLSFO and LSMGO in Zhoushan are about 2-5 days out, and a slightly longer 3-5 days is advised for HSFO.

Brent

The front-month ICE Brent contract has shed \$0.49/bbl on the day, to \$76.47/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

US oil demand was stronger than previously expected in April. The US Energy Information Administration (EIA) has revised its demand estimate for April up by 750,000 b/d to 20.42 million b/d.

“That revision means that oil demand in April was at a record high, above both April 2022 and April 2019,” said Price Futures Group’s senior market analyst Phil Flynn.

Moreover, a peak summer travel season in the US is putting upward pressure on Brent as expectations of fuel demand growth is boosting oil market sentiments.

"The crude demand outlook is starting to look better as we enter peak summer travel in the U.S." said OANDA market analyst Ed Moya.

Downward pressure:

Brent has seen some headwind from growing expectations of yet another interest rate hike by the US Federal Reserve (Fed).

Higher interest rates can lead to sluggish economic growth, which can then weigh heavily on consumer activity and put a cap on global oil demand.

The oil market is leaning towards believing there will be another hawkish hike by the Fed at its 25-26 July meeting, after the central bank kept its key interest rate unchanged in June.

“A more hawkish Federal Reserve, robust Russian supply and rising Iranian supply all suggest that the market will not trade as high as initially expected,” said ING’s senior analyst Warren Patterson.

“It doesn’t appear as though Russia has stuck to a previous cut of 500Mbbbls/d when you consider that Russian seaborne crude oil exports have been strong for most of the year,” added Patterson.

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