ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved in mixed directions across East of Suez ports, and several South Asian ports brace for possible weather disruptions.

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

- **VLSFO prices up in Singapore ($4/mt), and down in Fujairah and Zhoushan ($4/mt)**
- **LSMGO prices up in Zhoushan ($30/mt) and Singapore ($4/mt), and down in Fujairah ($1/mt)**
- **HSFO prices up in Fujairah ($4/mt), unchanged in Singapore, and down in Zhoushan ($5/mt)**

Regional bunker benchmarks have moved in mixed directions in the past day.

Four VLSFO stems were fixed in Singapore in a range of $10/mt in the past day, with a higher-priced stem supporting the benchmark's ascent. Singapore's VLSFO price rise has erased its marginal discount to Fujairah and has flipped to a premium of $7/mt now. The East Asian hub's discount to Zhoushan has also halved to $8/mt.

A source says Singapore has been witnessing "average" demand so far this week. Availability of VLSFO and HSFO remains tight in port, with recommended lead times of 6-9 days and 9-13 days, respectively. On the other hand, LSMGO remains readily available, with prompt supply available.

Weak demand and weather-related disruptions have kept tightness in check in Zhoushan. Availability remains good across all grades, with short lead times of 2-5 days, however, deliveries are subject to weather conditions.

Bunker operations remain suspended by rough weather at three of Zhoushan's anchorages since yesterday. Bunkering is likely to resume fully on 17 July, when calmer weather is forecast.

Adverse weather conditions are also forecast on 16 July in the Philippine port of Subic Bay, between 15-18 July in the Thai ports of Koh Sichang and Leam Chabang, between 16-17 July in the Vietnamese of Ho Chi Minh, and between 11 -16 July in the Kiwi port of Tauranga, which might disrupt bunker operations.

Brent

The front-month ICE Brent contract has been broadly rangebound and gained $0.13/bbl on the day, to $77.87/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures continued to draw support from OPEC+ supply cuts made in July. Prices moved up after the world's largest oil exporters Saudi Arabia and Russia extended output cuts into August.

In a recent joint statement, diplomats from Russia and the member-states of the Gulf Cooperation Council (GCC) have praised the "successful" efforts of the OPEC+ agreement to "stabilize the global oil market."

Additionally, drilling activity in the US has declined further, according to data by Baker Hughes. The energy company in its latest report said that the number of active oil rigs in the US fell by five in the week ended 7 July to 540.

"Lower drilling activity suggests more limited supply growth," ING'S market analyst Warren Patterson said. "This is a trend that we have seen in the EIA's US crude oil supply forecasts with less than 200Mbbls/d [200 million b/d] of US supply growth expected in 2024," he said in a note.

Downward pressure:

Growing concerns about slow economic growth in China and further monetary tightening in the US and other countries have weighed on Brent futures.

"The presence of economic slowdowns in China adds to the prevailing uncertainty in the oil market," Rystad Energy's analyst Mukesh Sahdev said.

Oil investors are now watching out for further interest rate hikes after the US Federal Reserve's chairman Jerome Powell said that further rounds of rate hikes in the US is a "pretty good guess".

High interest rates affect global oil demand as it increases the borrowing costs for consumers, making them wary of buying oil.

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