ENGINE: East of Suez Physical Bunker Market Update

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VLSFO and LSMGO prices have moved up in major Asian hubs, and bunkering has resumed in Zhoushan's OPL area after being suspended for about 10 days by bad weather.

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

- **VLSFO prices up in Fujairah ($14/mt), Zhoushan ($12mt) and Singapore ($7/mt)**
- **LSMGO prices up in Singapore ($20/mt), Fujairah ($5/mt) and Zhoushan ($4/mt)**
- **HSFO prices up in Singapore ($8/mt), and down in Fujairah and Zhoushan ($7/mt)**

VLSFO and LSMGO benchmarks in East of Suez ports have gained in the past day, tracking Brent's upward thrust

Fujairah's VLSFO price has risen by $14/mt in the past day – the steepest among major Asian hubs. Four VLSFO stems were fixed in the UAE port in a range of $22/mt. One stem at the higher end of the range has supported the benchmarks' upward movement.

Despite Fujairah's VLSFO price gain, the port's VLSFO discounts to Zhoushan and Singapore stand at $15/mt and $10/mt, respectively.

Prompt availability of all grades remains under pressure from good bunker demand in Fujairah. Several suppliers are recommending lead times of 5-7 days for all grades, while a few can still supply prompt, a source says.

HSFO prices in Zhoushan and Fujairah have decreased, going against the general market trend. Meanwhile, Singapore's HSFO price rose by $8/mt – supported by some higher-priced HSFO indications in the past day.

Securing HSFO prompt stems can be difficult in Singapore, with several suppliers only able to supply the grade with lead times of 11-14 days now – up from 9-13 days last week. Strong bunker demand coupled with a shrinking HSFO net import surplus has likely contributed to tighten the supply.

Lead times of 7-11 days and 4-7 days are advised for VLSFO and LSMGO, respectively, in Singapore.

Meanwhile, availability remains good across all grades in Zhoushan, with short lead times of 2-5 days – unchanged from last week. Bunkering has resumed in Zhoushan's OPL area after being suspended by bad weather since 9 July. All four anchorages are now operational. However, rough weather conditions are again forecast from Friday, which might disrupt bunkering until next Wednesday.

Brent

The front-month ICE Brent contract has gained $1.70/bbl on the day, to $80.26/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent has moved up amid renewed optimism about recovery in Chinese oil demand. China's highest economic planner, National Development and Reform Commission (NDRC) has pledged to roll out policies to “restore and expand” consumption in the world’s biggest oil importing nation, Reuters reports.

Additionally, data from the American Petroleum Institute (API) showed that the US crude, distillate, and gasoline inventories declined last week, according to a Reuters report.

US crude oil inventories fell by 800,000 bbls in the week ended 14 July, as per the latest API data. Meanwhile, market analysts were expecting a larger draw of around 2.3 million bbls. “The (API) numbers were fairly neutral,” said ING’s market analyst Warren Patterson.

The more widely followed Energy Information Administration (EIA) report will be released later today.

Downward pressure:

Oil prices felt some downward pressure after China reported weaker-than-expected gross domestic product (GDP) figures last week.

“The bullish oil thesis was again kneecapped by the ongoing deterioration in China's growth fundamentals,” said SPI Asset Management’s analyst Stephen Innes. “The major fear is that signs of slowing in the broader economy will begin to impact transport demand,” he noted.

A slight recovery in the US dollar has added to the downward pressure on oil, Patterson said. “Supply concerns have also eased, with both the Sharara and El Feel oil fields in Libya reportedly resuming after a brief shutdown last week due to protests,” he added in a note.

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