

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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VLSFO prices have moved down in major Asian bunker hubs, and availability across all grades remain good in Zhoushan.

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

- **VLSFO prices down in Zhoushan (\$10/mt), Singapore (\$4/mt) and Fujairah (\$2/mt)**
- **LSMGO prices up in Singapore (\$11/mt) and Fujairah (\$7/mt), and down in Zhoushan (\$4/mt)**
- **HSFO prices up in Zhoushan (\$10/mt), unchanged in Fujairah, and down in Singapore (\$11/mt)**

VLSFO benchmarks in East of Suez ports have moved counter to Brent's upward thrust and declined in the past day. Fujairah's VLSFO price fell by a modest \$2/mt – the lowest among major Asian bunker hubs. Some higher-priced VLSFO indications in the port have helped the benchmark from declining steeper.

Despite Fujairah's marginal VLSFO decline, the port's VLSFO discounts to Zhoushan and Singapore stand at \$18/mt and \$14/mt, respectively.

A source says that prompt availability of all grades remains "super tight" in Fujairah amid good demand. Several suppliers are recommending lead times of 5-7 days – almost unchanged from last week. However, some can supply prompt dates, but these deliveries depend on stem sizes.

Weak bunker demand along with intermittent weather-related disruptions have ensured a steady bunker supply in Zhoushan. Most suppliers recommend prompt lead times, however, these deliveries are still subject to weather conditions, a source says.

Bunker operations have been suspended by rough weather across all anchorages in Zhoushan again. Bunkering is likely to resume fully across all of these anchorages from 8-9 August, a second source adds.

Adverse weather conditions are also forecast in Hong Kong on 4 August, in the Philippine port of Subic Bay between 2-8 August, in the Thai ports of Koh Sichang and Leam Chabang between 2-8 August, in the Vietnamese port of Ho Chi Minh between 2-8 August, and in the Kiwi port of Tauranga 2-4 August, which might disrupt bunker deliveries.

Brent

The front-month ICE Brent contract has moved up by \$0.25/bbl on the day, to \$85.24/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent continued its upward movement following recent comments from the US Federal Reserve chairman Jerome Powell. Powell said that the US economy can achieve a “soft landing” in 2023, Reuters reports.

“The increased possibility of a US soft landing also supports oil’s bullish thesis,” said SPI Asset Management’s analyst Stephen Innes.

Meanwhile, oil traders expect Saudi Arabia to extend its voluntary output cut of 1 million b/d into September, when the Organization of the Petroleum Exporting Countries (OPEC) and its allies (OPEC+) hold their monthly joint ministerial monitoring committee meeting on 4 August.

“Crude prices are finishing a solid month on a high note as demand prospects remain impressive and no one doubts that OPEC+ will keep this market tight,” said Ed Moya, OANDA’s market analyst.

Downward pressure:

China’s Politburo, the highest state planner of the Communist Party, released additional policy guidelines to improve the country’s economic activities at a press conference on Monday. However, the Chinese officials did not announce any concrete measures or policies to support the country’s economic growth, according to a Reuters report.

Brent has felt some downward pressure in recent days due to concerns about the slow pace of economic recovery in China amid recurring COVID-19 outbreaks.

By Tuhin Roy and Aparupa Mazumder

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