

MARKET UPDATE EAST OF SUEZ

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ENGINE: East of Suez Physical Bunker Market Update

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Most bunker prices have moved up in major Asian hubs, and several South Korean ports are likely to bear the brunt of typhoon Khanun.

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

- **VLSFO prices up in Fujairah (\$12/mt) and Singapore (\$10/mt), and down in Zhoushan (\$9/mt)**
- **LSMGO prices up in Singapore (\$21/mt), Fujairah (\$14/mt) and Zhoushan (\$11/mt)**
- **HSFO380 prices up in Singapore (\$12/mt), Fujairah (\$8/mt) and Zhoushan (\$3/mt)**

Most bunker benchmarks in East of Suez ports have mirrored Brent's rise and gained for the second consecutive day. But Zhoushan's VLSFO price has moved counter to Brent's upward push and declined by \$9/mt. A lower-priced VLSFO stem fixed today contributed to weigh the benchmark down. A source says weak demand coupled with ample availability of VLSFO has added to the downward price pressure.

Zhoushan's VLSFO price decline has meant that its VLSFO discounts to Singapore and Fujairah have widened by \$19/mt and \$21/mt to \$28/mt and \$24/mt, respectively.

Short lead times of around 2-5 days are recommended across all grades in the Chinese bunkering hub.

Meanwhile, all port operations have been suspended in South Korean ports of Pyeongtaek, Dangjin, Ulsan, Onsan and Yeosu until tomorrow due to typhoon Khanun, a source says. Bunker deliveries scheduled during this period will be affected, the source adds.

Separately, a typhoon alert has been issued in the ports of Busan, Daesan and Taean between 8-10 August, which could disrupt bunker operations there as well.

Typhoon-induced weather disruptions have put availability under pressure across all grades in South Korean ports, with lead times varying widely between 6-17 days for VLSFO and LSMGO – nearly thrice from around six days last week. Shorter lead times of around eight days are advised for HSFO.

Brent

The front-month ICE Brent contract has moved up by \$1.26/bbl on the day, to \$87.86/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent has gained amid concerns over supply disruptions from Russia. Tension between Russia and Ukraine in the Black Sea region has prompted fears of damage to Russian oil shipments.

Ukrainian President Volodymyr Zelenskiy said on Tuesday that Ukraine would be resilient against Russia in the Black Sea region to make sure that its waters were not blockaded, Reuters reported.

“If Russia continues to dominate the Black Sea, outside its territory, blockading or firing at us again, launching missiles at our ports, Ukraine will do the same. This is a just defense of our opportunities, of any corridor,” Reuters quoted Zelenskiy as saying.

Brent’s gain was, “inspired by threats by Ukraine to respond to Russia’s port attacks putting risk not only to global grain supplies but also Russian oil exports,” commented Price Futures Group’s senior market analyst Phil Flynn.

Downward pressure:

US crude inventories increased by 5.9 million barrels in the week that ended 4 August to 445.6 million barrels, according to the US Energy Information Administration (EIA).

“The EIA report was not all bullish as US production rose to the highest levels since March 2020 and crude exports fell to the weakest levels in four weeks,” said OANDA’s market analyst Ed Moya.

Oil traders are now waiting for fresh cues from July Consumer Price Index (CPI) data from the US, which could help to understand the US Federal Reserve's (Fed) future course of action on interest rates.

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