ENGINE: East of Suez Physical Bunker Market Update

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VLSFO and HSFO prices in major Asian hubs have moved in mixed directions, and the availability of both grades has improved in Singapore.

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

- **VLSFO prices up in Zhoushan ($4/mt) and Singapore ($1/mt), and down in Fujairah ($8/mt)**
- **LSMGO prices up in Fujairah and Zhoushan ($11/mt), and Singapore ($3/mt)**
- **HSFO prices up in Fujairah ($6/mt), and down in Singapore ($8/mt) and Zhoushan ($1/mt)**

VLSFO and HSFO benchmarks in East of Suez ports have moved in mixed directions over the weekend. Zhoushan and Singapore's VLSFO prices have registered marginal gains over the time frame, while Fujairah's VLSFO price declined by $8/mt.

Three VLSFO stems were fixed in Fujairah over the weekend in a range of $10/mt, of which two of the stems fixed at the lower-end of the range have contributed to drag the benchmark down. The price drop has erased its premium over Zhoushan's VLSFO and flipped a discount of $3/mt. Its discount to Singapore has widened to $12/mt.

Prompt availability remains tight across all grades in Fujairah, as most suppliers are still recommending lead times of 5-7 days similar to last week. But some can supply prompt dates across all grades depending on stem size, a source says.

Availability of VLSFO and HSFO has further improved amid “weak” demand, with some suppliers advising lead times of 4-6 days and 6-8 days, respectively, down from 8-9 days last week. LSMGO remains readily available, with prompt supply available.

A source says all bunker fuel grades remain in ample supply in Zhoushan amid sluggish demand. Most suppliers are recommending short lead times of 3-5 days across all grades.

Brent

The front-month ICE Brent contract has shed $0.09/bbl on the day from Friday, to $86.30/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained upward momentum last week after the International Energy Agency (IEA) forecast global oil demand to grow by 2.2 million b/d in 2023.

“Deepening OPEC+ supply cuts have collided with improved macroeconomic sentiment and all-time high world oil demand,” stated the Paris-headquartered agency. “With output cuts hitting the heavy sour crude market hard, Dubai crude is trading at a rare premium to Brent,” it said.

Earlier this month, OPEC+’s two biggest producers, Saudi Arabia and Russia, announced further supply cuts into September to maintain “balance in the oil market”.

Brent futures have drawn support from rising tensions in the Black Sea. A Russian warship fired warning shots at a dry cargo ship heading for the Ukrainian port of Izmail on Sunday, triggering tensions around the Black Sea area for exports from Ukraine and Russia, including commodities like crude oil.

Downward pressure:

Disappointing Chinese crude oil import data has thrown cold water on further Brent gains. The world's biggest oil importing country has been struggling to revamp its growth engine after detrimental blows from lengthy Covid-19 restrictions.

“China will be forced to deliver more stimulus,” said OANDA’s senior market analyst Ed Moya said about China's recent pledge to ramp up the activity and consumption in 10 different economic sectors. However, no updates on these measures have been announced by the Communist Party Politburo - China’s state planner.

“China is key for global oil demand growth this year and the market has been getting increasingly concerned over the weaker-than-expected economic recovery,” said ING’s head of commodities strategy Warren Patterson.

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