ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved down in East of Suez ports, and prompt availability remains tight across all grades in Fujairah.

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

- **VLSFO prices down in Zhoushan ($26/mt), Fujairah ($15/mt) and Singapore ($6/mt)**
- **LSMGO prices down in Zhoushan ($27/mt), Singapore ($12/mt) and Fujairah ($11/mt)**
- **HSFO prices unchanged in Singapore, and down in Fujairah ($3/mt) and Zhoushan ($2/mt)**

Most bunker benchmarks in major Asian bunker hubs have fallen in the past day, tracking Brent's decline. Zhoushan's VLSFO and LSMGO prices have declined by $26-27/mt - the steepest among East of Suez ports. Some lower-priced stems fixed in Zhoushan for both grades have contributed to weigh the benchmarks' prices down.

Zhoushan's steep VLSFO price decline has meant that its VLSFO premium over Singapore has been erased in the past day, and slipped to a discount of $10/mt. The Chinese bunkering hub's VLSFO premium over Fujairah has narrowed significantly by $11/mt to $6/mt now.

The port's LSMGO premium over Fujairah has also slipped to a marginal discount of $1/mt. On the other hand, its LSMGO premium over Singapore stands at $28/mt. Availability across all grades remains good in Zhoushan amid muted demand, with several suppliers recommending unchanged lead times of 3-5 days.

Meanwhile, prompt availability of all grades remains tight in Fujairah as it has been in recent weeks. A source says that good demand has been keeping prompt availability under pressure in the Middle Eastern bunkering hub. Several suppliers are advising lead times of 5-7 days in Fujairah – virtually unchanged from last week.

However, the other UAE port of Khor Fakkan has an ample supply of all grades, with unchanged lead times of 5-7 days.

Brent

The front-month ICE Brent contract has lost $1.00/bbl on the day, to trade at $84.20/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures continued to gain support amid concerns over supply tightening.

“Oil prices should remain supported going forward as OPEC+ remains committed to keeping the market tight and as the Russia – Ukraine war could threaten Russian crude exports,” said OANDA’s senior market analyst Ed Moya.

Moreover, travel during the summer season is expected to boost oil demand in the US.

News reports that the US is refilling its strategic petroleum reserve (SPR) amid a steady rise in the country’s oil demand also supported Brent futures, Ed Moya said.

“The SPR should be poised to receive another 2 million bbls before the end of summer,” he added in a note. US crude oil stocks in the SPR were at 346 million bbls as of 31 July.

Downward pressure:

Brent shed previous gains as concerns about the global tight supply eased after Reuters reported that Iraq’s oil minister Hayan Abdel-Ghani is expected to discuss the resumption of Iraqi oil exports with his counterpart in Turkey.

Abdel-Ghani arrived in Turkey on Monday, Reuters reported.

Speculations that Iraq will now resume its oil supply through the Ceyhan oil terminal in Turkey weighed down Brent futures.

Turkey suspended Iraq’s crude oil exports of 450,000 b/d through the Iraq-Turkey pipeline in northern Iraq on 25 March after an arbitration ruling by the International Chamber of Commerce (ICC).

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