

MARKET UPDATE EAST OF SUEZ

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ENGINE: East of Suez Physical Bunker Market Update

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Prices have moved in mixed directions in East of Suez ports, and several Southeast Asian ports brace for possible weather-related disruptions.

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

- **VLSFO prices up in Zhoushan (\$6/mt), unchanged in Fujairah, and down in Singapore (\$11/mt)**
- **LSMGO prices up in Fujairah (\$4/mt) and Zhoushan (\$1/mt), and down in Singapore (\$4/mt)**
- **HSFO prices up in Zhoushan (\$2/mt), unchanged in Fujairah, and down in Singapore (\$2/mt)**

All three bunker grades in Zhoushan have moved counter to Brent's decline and gained some in the past day. Two higher-priced VLSFO stems fixed in the past day have supported the benchmark's resistance against Brent's downward pull.

The Chinese bunkering hub's VLSFO price rise has meant that its VLSFO discount to Singapore has now flipped to a premium of \$7/mt. Zhoushan's VLSFO premium over Fujairah has doubled to \$12/mt. The port's HSFO premiums over Fujairah and Singapore stand at \$48/mt and \$9/mt, respectively.

Availability remains good across all bunker fuel grades in Zhoushan, with most suppliers recommending lead times of 3-5 days – almost unchanged from last week.

Meanwhile, lead times across all grades have gone up slightly from 5-7 days last week to 5-9 days now in all South Korean ports.

Rough weather conditions are predicted in the South Korean ports of Ulsan, Onsan and Busan between 24-28 August, in Daesan and Taean between 27-28 August, and in Yeosu between 26-28 August, which might impact bunkering operations at these ports.

Adverse weather conditions are also forecast in the Thai ports of Koh Sichang and Leam Chabang on 28 August, and the Vietnamese port of Ho Chi Minh between 26-30 August, which could disrupt bunker deliveries.

Brent

The front-month ICE Brent contract has lost \$0.61/bbl on the day, to trade at \$83.59/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Recent US crude stocks figures from the American Petroleum Institute (API) provided some support to Brent futures. The industry body reported a decline of about 2.42 million bbls in US crude oil inventories in the week that ended 18 August.

Oil traders are now waiting for more cues from the US Energy Information Administration's (EIA) weekly oil inventory report, which is due to release later today.

News reports that the US government has added 500,000 bbls to its strategic petroleum reserve (SPR) provided more support to Brent futures, said Price Futures Group's market analyst Phil Flynn. "The Biden administration added 500,000 bbls to the SPR putting supply at 348.9 million bbls with a long road ahead before they replenish it," he added in a note.

The US government is refilling its SPR to cater to potential rise in the country's oil demand during the summer travel season, analysts said.

Downward pressure:

Oil prices remained under pressure amid speculations that the US Federal Reserve (Fed) and policymakers from the European Central Bank and the Bank of Japan (BoJ) would continue to hike interest rates in the coming months.

Policy makers from various central banks are expected to discuss inflation and interest rate hikes when they meet at the annual Jackson Hole symposium later this week.

Moreover, the Chinese government has not yet announced any concrete steps to boost consumption and demand in the country.

"China's macro issues, along with a growing expectation that maybe the US Fed is not done with its tightening cycle have weighed on oil more recently," said ING's head of commodities strategy Warren Patterson.

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