
# ENGINE: East of Suez Physical Bunker Market Update

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Most bunker benchmarks in the East of Suez ports have gained, and bunker fuel availability has tightened in Tokyo.

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

- **VLSFO prices up in Fujairah ($20/mt), Singapore ($3/mt) and Zhoushan ($2/mt)**
- **LSMGO prices up in Fujairah ($43/mt) and Singapore ($5/mt), and down in Zhoushan ($1/mt)**
- **HSFO prices up in Fujairah ($16/mt) and Zhoushan ($11/mt), and down in Singapore ($5/mt)**

Most regional bunker benchmarks have gained in the past day, recovering some of the losses made in the previous trading day. But Singapore's HSFO price has moved counter to the general market direction and decreased some in the past day. One lower-priced HSFO stem fixed at $447/mt yesterday has dragged the port's benchmark down.

Singapore's VLSFO price has increased by a modest $3/mt. Four VLSFO stems have been fixed in the port in a wide price range of $37/mt since yesterday. Some stems fixed in the lower price bracket (around $620/mt) have capped the benchmark's gains. Singapore's Hi5 spread stands at $186/mt, slightly narrower than the spread of $196/mt in Fujairah.

Fujairah's LSMGO price surged by $43/mt with support from a higher-priced 50-150 mt LSMGO stem fixed at $894/mt yesterday. Bunker fuel availability is tight across all grades in Fujairah. Lead times of 9-10 days are generally recommended for all bunker fuel grades in the port, slightly up from 7-10 days in the previous week.

Availability has tightened for all bunker grades in the Japanese port of Tokyo. Lead times of 10-12 days are generally recommended there, up from seven days last week. One Japanese refinery is experiencing delays at one of the product loadings/unloading berths, which has resulted in tight bunker fuel availability, a source says.

**Brent**

The front-month ICE Brent contract has gained $1.01/bbl on the day, to trade at $78.85/bbl at 17.00 SGT (09.00 GMT).

**Upward pressure:**

Brent futures found some support after clashes between the Israel Defense Forces (IDF) and Palestine-based Hamas militants resumed this week, offsetting talks of a ceasefire in exchange for hostages on both sides.

“Attacks on ships in the Red Sea and Israel widening its Gaza ground offensive move oil [prices] higher,” said Price Futures Group’s senior market analyst Phil Flynn.

Meanwhile, Yemen-based militant group Houthi allegedly launched drone attacks on three vessels in the southern part of the Red Sea over the weekend, sparking fears of supply disruption in the global oil market.

Oil market analysts are speculating that these recent attacks could trail back to Iran’s involvement in the Israel-Hamas war. In that case, the US government will not hold back from imposing stricter sanctions on Iranian oil soon.

“Following recent events in Israel and the possibility of Iranian involvement, there is the risk that the US will start to enforce sanctions more strictly in future,” said two analysts from ING Bank. “If this were to happen, we could see more than 500Mbbls/d [500 million b/d] of supply lost,” they further added.

**Downward pressure:**

Meanwhile, OPEC+'s latest bid to bring a “balance” in the oil market has not provided much support to Brent’s price in recent days because oil traders are underconfident about the actual supply cuts that will be made in 2024.

OPEC and its allies announced voluntary supply cuts for 2024 during their joint ministerial meeting last week but failed to agree on a group-wide cut in 2024.

“We are seeing voluntary cuts from a handful of members,” analysts from ING Bank said. “Clearly, given the scale of cuts we are already seeing from the group, it is becoming increasingly more difficult for some members to stomach further cuts,” they further added.

Meanwhile, OPEC+’s latest addition Brazil that joins the group in January 2024 confirmed that it will not take part in the group’s output caps, chief executive of Brazil’s state-run oil firm Petrobras told Reuters.

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