

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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VLSFO prices in East of Suez ports have moved down, and availability of the grade remains tight in Singapore and Zhoushan.

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

- **VLSFO prices down in Zhoushan (\$30/mt), Fujairah (\$13/mt) and Singapore (\$4/mt)**
- **LSMGO prices up in Fujairah (\$9/mt), and down in Singapore (\$10/mt) and Zhoushan (\$6/mt)**
- **HSFO prices up in Fujairah (\$3/mt), and down in Singapore (\$10/mt) and Zhoushan (\$6/mt)**

VLSFO prices in all three major ports in the East of Suez have declined, with Zhoushan and Fujairah prices dropping the most. Zhoushan's VLSFO price fell by \$30/mt amid support from a lower-priced stem fixed in the region. Despite this decline, Zhoushan maintains a VLSFO premium of \$20/mt and \$16/mt over Singapore and Fujairah, respectively.

VLSFO availability in Zhoushan remains constrained, with lead times for most suppliers stretching to one week out. For other fuel grades such as HSFO and LSMGO, supply has been relatively better in Zhoushan. Lead times of 3-5 days are recommended for both grades, unchanged from the previous week.

Meanwhile, VLSFO and HSFO availability in Singapore remains tight, with recommended lead times ranging up to 12 days. Additionally, LSMGO lead times have increased from last week's 3-5 days to 5-8 days now.

Moving to the Middle East, Fujairah experiences tight prompt availability across all grades, with recommended lead times of around seven days. Despite this, some suppliers in the region can still offer prompt dates for all fuel grades, according to a source.

Brent

The front-month ICE Brent contract shed \$0.03/bbl on the day from Friday, to trade at \$78.09/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

The heightened tensions in the Middle East and supply disruptions in Libya have added upward pressure on Brent prices. Local protests in Libya compelled the country's largest oil field el-Sharara to fully shut operations last week.

"Middle East tensions and Libyan supply disruptions provided a boost to oil [Brent] prices," two analysts from ING Bank said.

Meanwhile, shipping firms continue to remain cautious and avoid transiting through the Bab al-Mandeb Strait in the Red Sea due to recurring Houthi attacks on commercial vessels.

Israel's Prime Minister Benjamin Netanyahu has reiterated the country's commitment to the conflict with Hamas militants until it is convinced that the Palestine-based militants are eliminated from the Gaza Strip.

"Elevated geopolitical risks managed to counterbalance the bearish impact of a U.S. Energy Information Administration (EIA) inventory report released Thursday past," said SPI Asset Management's managing partner Stephen Innes.

Downward pressure:

Brent futures felt downward pressure after Saudi Aramco cut its official selling price (OSP) of its flagship Arab Light crude to Asia in February, Reuters reported.

"Cuts were seen across the board with the flagship Arab Light into Asia cut by \$2/bbl MoM to leave it at \$1.50/bbl over the benchmark," ING Bank analysts said. "The decrease was larger than the market was expecting," they further added

Additionally, Brent futures shed some previous gains following a huge build of US gasoline and distillate stocks in the week ending 29 December. The rise in gasoline and distillate stocks indicates that demand for these fuels declined in the US during the week.

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