ENGINE: East of Suez Physical Bunker Market Update

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

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

- **VLSFO prices up in Fujairah ($3/mt), unchanged in Singapore, and down in Zhoushan ($10/mt)**
- **LSMGO prices up in Fujairah ($12/mt) and Zhoushan ($3/mt), and down in Singapore ($5/mt)**
- **HSFO prices unchanged in Zhoushan, and down in Singapore ($8/mt) and Fujairah ($2/mt)**

In the past day, VLSFO prices in Fujairah and Singapore have maintained stability, while Zhoushan's VLSFO prices declined. Zhoushan's VLSFO price decline has been partly because of two lower-priced stems fixed in a narrow range of $4/mt, influencing the benchmark. It maintains VLSFO premiums of $14/mt over both Singapore and Fujairah.

VLSFO supply pressure persists in Zhoushan, with most suppliers recommending lead times of over a week. On the other hand, HSFO and LSMGO supply in Zhoushan has been relatively better, with shorter lead times of 3-5 days for both grades.

Fujairah has seen a notable $12/mt increase in LSMGO prices, to keep its prices elevated compared to Singapore and Zhoushan. Fujairah's LSMGO premiums stand at $150/mt and $90/mt over Singapore and Zhoushan, respectively.

Suppliers in Fujairah continue to witness strong bunker demand despite the ongoing concerns in the nearby Red Sea. Recent attacks on ships have led shipping companies to reroute vessels around the southern tip of Africa rather than the shorter Suez Canal route. Bunker fuel availability has been constrained for all grades in Fujairah due to increased demand. However, some suppliers can still provide prompt stems for all grades.

Meanwhile, in the Egyptian port of Suez, VLSFO and LSMGO supply remains very tight.

Brent

The front-month ICE Brent contract gained $0.61/bbl on the day, to trade at $77.45/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained to reverse some earlier losses after the American Petroleum Institute (API) reported a massive decline in US crude stocks, indicating demand growth in the world's leading oil consumer.

Commercial US crude inventories declined by 5.2 million bbls in the week ended 5 January, according to API data.

The rising Houthi attacks on vessels in the Red Sea are raising concerns about oil shipments in the region, which could potentially result in higher Brent prices, analysts said.

"Brent crude settled around $78 per barrel, and traders are assessing factors such as disruptions in the Red Sea, a critical shipping lane," SPI Asset Management's managing partner Stephen Innes said.

Downward pressure:

Downward pressures acting on Brent futures this week arise from weak demand indications in China, the second-largest oil consumer of the world.

China's state-owned refiners, Sinopec and PetroChina, reduced their refinery run rates in December due to weak domestic demand, market intelligence provider JLC reported. The decline in refinery runs suggests that demand in China is still lagging.

Meanwhile, Brent futures could come under additional downward pressure if Russia fails to adhere to the latest production quotas set by the OPEC+ oil-producer group, analysts said.

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