

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Most prices in major Asian bunker hubs have moved up, 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 (\$30/mt), Zhoushan (\$15/mt) and Singapore (\$14/mt)**
- **LSMGO prices up in Singapore (\$22/mt), Fujairah (\$21/mt) and Zhoushan (\$12/mt)**
- **HSFO prices up in Singapore (\$22/mt) and Fujairah (\$21/mt), and down in Zhoushan (\$12/mt)**

Bunker benchmarks in East of Suez ports have risen in tandem with Brent's upward movement, with Fujairah's VLSFO price gaining sharply by \$30/mt, nearly double compared to Zhoushan and Singapore. A higher-priced VLSFO stem fixed in Fujairah contributed to this increase. This has meant that Fujairah's VLSFO price has moved from a discount of \$15/mt to Zhoushan's to parity levels now. Fujairah's VLSFO premium over Singapore has widened by \$16/mt to \$21/mt.

Despite ongoing concerns in the nearby Red Sea due to recent ship attacks, some suppliers in Fujairah continue to witness heightened demand. Prompt availability of all grades remains tight in the Middle Eastern bunker hub, recommending lead times of 7-10 days. Suppliers in the nearby port of Khor Fakkan are also advising lead times of 7-10 days for all grades.

The cold weather in Japan has impacted bunker demand in the region, a source says. Lead times of 5-8 days are recommended for all grades in the ports of Tokyo, Chiba, Osaka, and Kobe. Extended lead times of about 11-12 days are required for all grades in Oita.

Brent

The front-month ICE Brent contract gained \$1.94/bbl on the day, to trade at \$79.23/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures moved up following the overnight airstrikes in Yemen conducted by the US and UK military forces, which targeted locations reportedly used by Iran-aligned Houthi militants

“These strikes are in direct response to unprecedented Houthi attacks against international maritime vessels in the Red Sea,” said US President Joe Biden in a statement.

Brent’s prices also gained after Iran confirmed the seizure of an oil tanker in the Gulf of Oman that it claims to be US-affiliated. “This will be a worry for oil markets if we see incidents [oil tanker seizure] like this becoming more regular,” two analysts from ING Bank said.

The speculation about a potential larger regional conflict impacting oil supply in the Strait of Hormuz, a critical transit route for oil, has raised concern within the oil market.

“The Gulf of Oman is very near the Strait of Hormuz, a critical chokepoint for oil flows,” the analysts further added

Downward pressure:

Brent futures felt some downward pressure after the US Energy Information Administration (EIA) reported a surprise build of 1.34 million bbls in US crude oil stocks

The EIA also reported an increase in US distillate stocks, which include diesel and gasoil, for the seventh week. This suggests a lagging demand in the world’s largest oil-consuming country.

“The EIA report slowed the petroleum market momentum,” said Price Futures Group’s senior market analyst Phil Flynn.

By Tuhin Roy and Aparupa Mazumder

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