

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Prices in East of Suez ports 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 (\$16/mt), Singapore (\$14/mt) and Zhoushan (\$10/mt)**
- **LSMGO prices up in Singapore (\$18/mt), Fujairah (\$12/mt) and Zhoushan (\$7/mt)**
- **HSFO prices up in Zhoushan (\$14/mt), Fujairah (\$10/mt) and Singapore (\$7/mt)**

Bunker prices in East of Suez ports have mirrored the upward trend of Brent, with VLSFO prices gaining in a range of \$10-16/mt. Fujairah's VLSFO has gained steeply, attributed to a higher-priced stem fixed in the Middle Eastern bunker hub. Despite the steep gain, Fujairah maintains a discount of \$13/mt to both Singapore and Zhoushan.

Bunker demand in Fujairah has decreased some after a period of strong demand in the previous weeks. Prompt availability remains tight for all grades in the port, with lead times of 7-10 days recommended – virtually unchanged from last week. Meanwhile, the UAE port of Khor Fakkan has a similar supply scenario, with lead times of 7-10 days advised across all grades.

South Korean ports are facing tight product availability despite sluggish demand. Several suppliers are recommending lead times of 6-9 days for all grades. Additionally, bunker operations in several South Korean ports, including Ulsan, Onsan, Busan, Daesan, Taean, and Yeosu, may face intermittent disruptions throughout the week due to anticipated high winds and waves, potentially impacting bunkering.

Brent

The front-month ICE Brent contract gained \$2.15/bbl on the day, to trade at \$80.10/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent prices moved higher following an alleged Ukrainian airstrike on the Russian energy firm Novatek's Ust-Luga fuel export terminal, igniting supply disruption worries in the oil market. This news has raised concerns about the conflict between Russia and Ukraine taking a fresh turn, which might impact Russia's oil production and push oil prices further up.

"Global supply disruptions have propped up the market to start the week amid the Middle East conflagration, which continues to underpin oil prices," said SPI Asset Management's managing partner Stephen Innes.

The US and UK military carried out additional airstrikes on Iran-aligned Houthi bases, which are reportedly utilised for targeting global merchant vessels and US Navy ships, the US Central Command (CENTCOM) said.

"The targets included missile systems and launchers, air defense systems, radars, and deeply buried weapons storage facilities," the US CENTCOM said.

Downward pressure:

Some downward pressures acting on Brent futures include the resumption of oil production in Libya's largest oil field.

Libya's National Oil Corporation has lifted force majeure on the El-Sharara oil field and resumed production, following a two-week halt due to local protests. The El-Sharara oil field produces 300,000 b/d of crude.

"The National Oil Corporation announces the lifting of force majeure on the Sharara field and the resumption of production," it posted on X, formerly Twitter.

"Reports that had declared a force majeure on the Sharara oil field that was shut down for 2 weeks overshadowed the loss of barrels from Russian export delays," said Price Futures Group's senior market analyst Phil Flynn.

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