ENGINE: East of Suez Physical Bunker Market Update

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VLSFO prices in the East of Suez ports have declined, and VLSFO and HSFO availability remains tight in Singapore.

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

- **VLSFO prices down in Singapore ($10/mt), and Fujairah and Zhoushan ($6/mt)**
- **LSMGO prices up in Singapore ($1/mt), and down in Fujairah ($10/mt) and Zhoushan ($3/mt)**
- **HSFO prices up in Singapore and Fujairah ($3/mt), and down in Zhoushan ($11/mt)**

VLSFO benchmarks in the East of Suez ports have declined in the past day. Singapore's VLSFO price has come down by $10/mt. Notably, a total of two VLSFO stems were fixed in Singapore in a wide range of $22/mt, with one at the lower end of the range contributing to drag the benchmark lower. This drop has moved Singapore's VLSFO from yesterday's parity levels with Zhoushan, to a marginal discount of $4/mt. Its VLSFO is priced $9/mt higher than Fujairah's VLSFO.

Despite steady LSMGO prices in Singapore, the port's LSMGO discounts to Fujairah and Zhoushan stand at $114/mt and $18/mt, respectively.

VLSFO availability remains tight in Singapore, with several suppliers struggling to meet delivery schedules, resulting in lead times of up to two weeks. In contrast, Zhoushan has seen a significant improvement in VLSFO availability, with lead times decreasing from seven days to 3-5 days.

LSMGO and HSFO also remain readily available in Zhoushan. Bunker operations have resumed at Zhoushan's inner anchorage of Mazhi and at the port's less sheltered Xiushandong anchorage this morning after being suspended by bad weather since Saturday, a source says.

Meanwhile, bunker operations are still suspended at the outer Tiaozhoumen and Xiazhimen anchorages. Bunker deliveries are expected to resume fully tomorrow, when calmer weather is forecast.

The Red Sea crisis has influenced shipping routes forcing ships to go around the tip of Africa. The shift in shipping routes has affected bunker demand in Fujairah to some extent.

Demand has declined in Fujairah this week, after a period of strong demand in previous weeks. Tight prompt availability is observed for all grades in the Middle Eastern bunker hub, with recommended lead times of 7-10 days, unchanged from the previous week.

Brent

The front-month ICE Brent contract lost $0.28/bbl on the day, to trade at $79.82/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

The escalating geopolitical tensions have been bolstering Brent futures gains, especially with recent reports of additional airstrikes by the US and UK military against Iran-aligned Houthis in Yemen.

Iran is "directly involved" in the ongoing attacks on commercial vessels by the Yemeni militants in the Red Sea, head of the US Navy's 5th fleet Brad Cooper said to the Associated Press (AP).

The American Petroleum Institute (API) reported a substantial decline in the US crude stocks, indicating demand growth in one of the world's largest oil consumers. This has added upward pressure on Brent prices.

Commercial US crude inventories declined by 6.7 million bbls in the week ended 19 January, according to the American Petroleum Institute (API).

Downward pressure:

Brent futures declined as supply concerns from Russia and Libya eased some.

Russia's Ust-Luga port in the Baltic Sea continued crude oil shipment, despite Novatek's fuel export terminal remaining shut due to a fire caused by a Ukrainian airstrike earlier this week. Oil terminals at the Russian port, including one for crude oil exports and two other refined product export terminals have remained functional since Tuesday, Reuters reported citing sources.

Meanwhile, the resumption of oil production in Libya is putting downward pressure on Brent's prices, "offsetting geopolitical tensions and incidents in various regions," SPI Asset Management's managing partner Stephen Innes said.

Libya's largest oil field El-Sharara was shut for almost three weeks due to ongoing protests. "The restart of the operations came after the local governments agreed to meet most of the demands from protestors," ING Bank's analysts said.

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