ENGINE: East of Suez Physical Bunker Market Update

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VLSFO prices in the East of Suez ports have moved up, and bunkering resumed across all anchorages in Zhoushan yesterday after being suspended by bad weather since Saturday.

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

- **VLSFO prices up in Singapore ($13/mt), Zhoushan ($10/mt) and Fujairah ($7/mt)**
- **LSMGO prices up in Zhoushan ($14/mt) and Singapore ($10/mt), and down in Fujairah ($24/mt)**
- **HSFO prices up in Zhoushan ($2/mt), and down in Fujairah ($10/mt) and Singapore ($3/mt)**

In the East of Suez ports, VLSFO benchmarks have closely tracked Brent's gain, with a notable surge in Singapore's VLSFO price by $13/mt. Seven VLSFO stems have been fixed in a wide range of $37/mt in Singapore, with some stems at the higher end of the range supporting the benchmark's rise. Singapore's VLSFO holds a $15/mt premium over Fujairah's, while priced almost at parity with Zhoushan.

Despite average demand this week, VLSFO availability remains remarkably tight in Singapore, with seven suppliers struggling to meet delivery schedules. As a result, lead times of up to two weeks are recommended for the grade. HSFO availability has also tightened in Singapore, approaching two-week lead times. LSMGO, however, remains readily available, with short lead times of 3-5 days.

Bunker operations in Zhoushan's anchorages resumed yesterday after being suspended due to bad weather since Saturday. The weather-related disruptions have led to bunker backlogs and delivery delays. Some suppliers in Zhoushan now advise lead times of 4-7 days, up from 3-5 days earlier in the week. In Japan, varying lead times are recommended across key ports, with Tokyo, Chiba, Osaka and Kobe, suggesting approximately nine days and longer lead times of 11 days in Oita. Harsh winter conditions in Japan have prompted local refineries to redirect supply towards heating demand, resulting in reduced bunker availability in Nagoya, Yokkaichi and Mizushima.

Brent

The front-month ICE Brent contract moved $0.92/bbl higher on the day, to trade at $80.74/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures increased after the US Energy Information Administration (EIA) reported an unexpected drop in US crude stocks.

Commercial US crude inventories fell by 9.2 million bbls on the week, to 420.68 million bbls on 19 January, as winter storms and extremely low temperatures paused refinery activity, according to the EIA. This latest data also marks the lowest stock level since October last year.

The weekly stock draw was bigger than the American Petroleum Institute's (API) projection of a 6.7 million -bbl draw a day earlier, while analysts expected a drop of 2.2 million bbls.

The Chinese central bank announced yesterday that it will reduce banks' reserve ratio by a significant amount, injecting around $140 billion into its system, Reuters reported. This news has boosted China's economic stimulus narrative, pushing up Brent's price.

Brent's price gained due to a "more substantial-than-anticipated drawdown in United States [US] crude inventories, a weather-induced decline in US crude production, economic stimulus measures in China, and geopolitical tensions," SPI Asset Management's managing partner Stephen Innes said.

Downward pressure:

Some downward pressures acting on Brent today come from easing supply concerns in Libya and Russia.

Russia has continued crude oil shipment in its Ust-Luga port in the Baltic Sea, despite a fire in one of its fuel export terminals earlier this week. At the same time, Libya's National Oil Corp said it is going to resume production in the country's largest oil field – el-Sharara.

The el-Sharara oilfield produces almost 300,000 b/d and has been subjected to both local and political protests in the past.

By Tuhin Roy and Aparupa Mazumder