

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 in mixed directions, and prompt availability remains tight in Fujairah.

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

- **VLSFO prices up in Singapore (\$6/mt) and Fujairah (\$1/mt), and down in Zhoushan (\$5/mt)**
- **LSMGO prices up in Singapore (\$3/mt), and down in Zhoushan (\$14/mt) and Fujairah (\$5/mt)**
- **HSFO prices up in Fujairah (\$1/mt), and down in Zhoushan (\$11/mt) and Singapore (\$3/mt)**

In the East of Suez ports, VLSFO prices have maintained a stable range without significant fluctuations in the past day. Singapore's VLSFO has now swung to a marginal premium of \$5/mt over Zhoushan's VLSFO. Its VLSFO premium over Fujairah's VLSFO stands at \$38/mt.

VLSFO availability remains very tight in Singapore. Lead times of up to 10 days are recommended for the grade. Four suppliers are currently encountering difficulties in meeting delivery schedules. Lead times for HSFO vary widely between 6-13 days. LSMGO is more readily available in the port, with short lead times of 2-5 days.

LSMGO and HSFO have remained stable in three major Asian bunker hubs, but Zhoushan has experienced a significant decline of \$14/mt and \$11/mt in LSMGO and HSFO prices, respectively. Despite this decline, Zhoushan's HSFO premiums over Fujairah and Singapore remain at \$36/mt and \$6/mt, respectively.

The ongoing attacks on commercial ships in the Red Sea have prompted shipping companies to divert vessels around Africa instead of utilising the shorter Suez Canal route. This shift in shipping routes has had an impact on bunker demand in Fujairah.

Despite a decline in demand, prompt availability remains tight for all grades in Fujairah. Lead times of 7-10 days are recommended for all fuel grades, almost unchanged from last week. Prompt availability is also tight in the UAE port of Khor Fakkan, where similar lead times of 7-10 days are recommended for all grades.

Brent

Front-month ICE Brent has declined by \$1.14/bbl on the day, to \$82.34/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Concerns about supply disruptions in the oil market amidst the Middle East conflict and ongoing Houthi attacks on commercial ships in the Red Sea have contributed to Brent's recent price rise.

Brent could see potential upside if Middle East tensions escalate and impact oil production in the region, ING's head of commodity strategy, Warren Patterson writes in a report. He adds that oil prices could also rise if there is a disruption in the Strait of Hormuz, which sees 20 million b/d pass through.

Downward pressure:

The US National Security Council's coordinator for strategic communications, John Kirby said that the US does not wish to exacerbate the Middle East crisis. "We are not looking for a war with Iran. We are not looking to escalate the tensions any more than they already have been escalating.," Kirby told reporters at a White House briefing.

A Hong Kong court has ordered Chinese property giant Evergrande to liquidate, deepening China's property crisis. It is possible that Brent's upside gains could be limited by the real estate debt crisis weighing on China's economy and reducing its appetite for crude oil in the coming months.

Data from OPEC+ members show oil exports from members that pledged to cut output are "broadly steady", Bloomberg reported citing Kpler data. Russia, Kazakhstan and Iraq have reduced their output only marginally, the report added.

By Tuhin Roy and Konica Bhatt

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