

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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VLSFO prices in East of Suez ports have moved up, and bunkering has been halted across all Zhoushan anchorages this morning due to bad weather.

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

- **VLSFO prices down in Singapore (\$8/mt), Zhoushan (\$4/mt) and Fujairah (\$2/mt)**
- **LSMGO prices up in Zhoushan (\$15/mt) and Singapore (\$4/mt), and down in Fujairah (\$3/mt)**
- **HSFO prices up in Singapore (\$5/mt), and down in Fujairah (\$16/mt) and Zhoushan (\$6/mt)**

VLSFO benchmarks in East of Suez ports have tracked Brent's downward movement and dipped some over the weekend. Singapore's VLSFO price has fallen by \$8/mt – the steepest among three major bunkering hubs. A total of six VLSFO stems were fixed in Singapore in a range of \$29/mt on Friday, with a couple of stems at the lower end of the range contributing to drag the benchmark down. Singapore's VLSFO price drop has meant that its VLSFO premium over Fujairah stands at \$26/mt, while its VLSFO discount to Zhoushan stands at \$14/mt.

Singapore continues to grapple with tight VLSFO availability, with at least five suppliers struggling to meet delivery schedules. Lead times of around 12 days are recommended for the grades. HSFO requires lead times of 8-11 days, while lead times vary widely between 3-11 days for LSMGO.

The Chinese Lunar New Year holidays from 10-17 February have not spurred demand in Zhoushan and the port continues to experience sluggish demand, a source says. Stems generally can be booked in the port until tomorrow, before the holidays are observed.

Despite weak demand, the availability of VLSFO remains tight in Zhoushan due to persistent weather-related disruptions. Lead times of 7-10 days are recommended for VLSFO – up from 5-8 days last week. LSMGO and HSFO require slightly shorter lead times of 5-7 days.

Bunkering operations across all Zhoushan anchorages have been halted since this morning due to rough weather. Bunker deliveries might resume tomorrow, when calmer weather is forecast, a source says.

Meanwhile, various lead times are recommended across all grades in key Japanese ports, with around 4-5 days in Tokyo, Chiba, Osaka and Kobe, approximately seven days in Nagoya, Yokkaichi and Mizushima, and longer periods of around 12 days in Oita.

Brent

The front-month ICE Brent contract shed \$1.42/bbl on the day from Friday, to trade at \$77.24/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures' upside gains were boosted after the US military announced that it would launch more airstrikes on Iran-aligned militant groups in Middle Eastern regions including Yemen, Iraq and Syria.

Last week, the US Army launched strikes on more than 85 militant bases linked to Iran's Revolutionary Guard (IRGC), Reuters reported. These retaliatory strikes were prompted by the events of 28 January, when a drone attack on a US base in Jordan killed three US personnel.

The US Central Command (CENTCOM) "conducted a strike in self-defense against a Houthi land attack cruise missile," on Sunday, it said.

Two Ukrainian airstrikes on Lukoil's largest oil refinery in Russia caused some supply disruptions and jitters in the market, Reuters reported citing a source.

Downward pressure:

Analysts attributed the drop in Brent's prices from last week's highs to the talks surrounding a ceasefire in the Gaza Strip. The prospect of easing tensions in the region influenced the market sentiment and contributed to the price decline.

"Oil [Brent] sold off hard on hopes that the spirit of "collective, cooperation and harmony" might spread in the form of a ceasefire and hostage release in the Gaza Strip," said Price Futures Group's senior market analyst Phil Flynn.

A tweet by Al Jazeera stating that Israel had agreed to a ceasefire agreement caused a plunge in the oil market, but the tweet was later taken down by Al Jazeera for unknown reasons, he added. Speculations about a potential ceasefire agreement between Israel and Hamas have dragged Brent prices lower.

Separately, Lukoil confirmed that its Volgograd refinery with a capacity of about 300,000 b/d was running normally even after the attack. "There were no casualties. The Volgograd Refinery continues its operations as usual," Russia's state-owned media agency TASS cited Lukoil as saying.

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