

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Most prices in major Asian bunker hubs have moved up, and bunker operations have resumed across all Zhoushan anchorages this morning after being suspended by bad weather yesterday.

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

- **VLSFO prices up in Zhoushan (\$15/mt), Fujairah (\$13/mt) and Singapore (\$6/mt)**
- **LSMGO prices up in Zhoushan (\$20/mt) and Fujairah (\$19/mt), and down in Singapore (\$2/mt)**
- **HSFO prices up in Zhoushan (\$14/mt), Singapore (\$2/mt) and Fujairah (\$1/mt)**

VLSFO benchmarks in the East of Suez ports have regained some value in the past day, with Zhoushan gaining the most by \$15/mt. Several higher-priced VLSFO indications in Zhoushan have supported the benchmark's rise. Zhoushan continues to price its VLSFO at elevated levels to both Fujairah and Singapore, with its VLSFO premiums standing at \$42/mt and \$23/mt, respectively.

Bunker deliveries have resumed across all Zhoushan anchorages this morning after being halted due to adverse weather conditions yesterday, a source says. The Chinese bunkering hub has been facing prolonged adverse weather conditions over the past few weeks, resulting in bunker backlogs. Most suppliers are now recommending lead times of 7-10 days for VLSFO, up from 5-8 last week. Additionally, HSFO and LSMGO require lead times of 5-7 days.

In Singapore, the availability of VLSFO remains tight, with several suppliers struggling to meet delivery schedules. Increased demand in the Southeast Asian bunker hub has further extended lead times, now nearing almost two weeks for VLSFO compared to around 10 days last week. HSFO requires lead times of 8–11 days, while lead times vary widely between 3–11 days for LSMGO.

Due to Singapore's heavy congestion and tight delivery schedules, multiple vessels have opted to lift bunkers at ports such as Hong Kong and Malaysia's Port Klang. Despite the heightened bunker demand, availability of all grades has improved in Hong Kong, with lead times coming down from 10 days last week to around seven days now.

VLSFO and LSMGO availability has improved in Port Klang as well, with most suppliers now able to offer prompt dates. Lead times of around 14 days were recommended for both grades last week. However, the supply of HSFO continues to remain under pressure.

Brent

The front-month ICE Brent contract gained \$0.66/bbl on the day to trade at \$77.90/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Impending drone strikes launched by the US and British armed forces on Iran-backed militant factions in Yemen, Iraq, and Syria have driven Brent futures higher this week.

According to two analysts from ING Bank, the oil market, which appears to be "largely balanced" in the first quarter of 2024, "could quickly change if tensions spread to other parts of the Middle East."

Supply concern in the oil market has taken center stage this week after the latest series of Ukrainian airstrikes on a Russian oil facility, which impacted the country's naphtha export operations.

Downward pressure:

The news of Israel possibly agreeing to a ceasefire in the Gaza Strip has capped some of Brent's price gains.

US Secretary of State Anthony Blinken's recent trip to the Middle East has bolstered the notion of a potential resolution to the ongoing conflict between Israel and Hamas, now in its fourth month.

Blinken met with Saudi Arabia's de-facto leader on Monday to mediate calls for an immediate ceasefire before Israel began a severe ground assault on Rafah, which is currently home to Gaza's majority population.

"Hopes of a ceasefire between Israel and Hamas drove some of this weakness," ING Bank's analysts added.

By Tuhin Roy and Aparupa Majumdar

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