

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 been rangebound, and VLSFO availability remains tight in Zhoushan.

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

- **VLSFO prices up in Fujairah (\$2/mt), and down in Singapore and Zhoushan (\$3/mt)**
- **LSMGO prices up in Singapore (\$6/mt), unchanged in Zhoushan, and down in Fujairah (\$13/mt)**
- **HSFO prices up in Singapore (\$4/mt) and Fujairah (\$1/mt), and down in Zhoushan (\$2/mt)**

In the East of Suez ports, VLSFO benchmarks have moved little in the past day. Zhoushan continues to price its VLSFO at elevated levels compared to both Fujairah and Singapore's VLSFO prices. The Chinese bunkering hub's VLSFO premiums over Fujairah and Singapore stand at \$43/mt and \$21/mt, respectively.

Zhoushan has been grappling with prolonged adverse weather conditions, leading to bunker backlogs. Consequently, most suppliers now recommend longer lead times of 7-10 days for VLSFO, up from 5-8 days last week. Additionally, lead times for HSFO and LSMGO have also increased to 5-7 days.

Fujairah's LSMGO price has declined by a steep \$13/mt in the past day, while Singapore and Zhoushan's have been broadly steady. One lower-priced LSMGO stem fixed in Fujairah has weighed the benchmark lower. The Middle Eastern bunkering hub's LSMGO premiums over Singapore and Zhoushan stand at \$74/mt and \$35/mt, respectively.

Prompt availability remains constrained across all grades in Fujairah, despite reduced demand amid the ongoing Red Sea crisis. However, certain suppliers can still offer prompt stems. A similar situation is observed in the UAE port of Khor Fakkan, where several suppliers advise unchanged lead times of 7-10 days.

Brent

The front-month ICE Brent contract moved \$0.28/bbl higher on the day, to trade at \$79.30/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures moved higher after Israel dismissed a ceasefire proposal for Gaza, shattering hopes for a potential resolution in the ongoing four-and-a-half-month conflict between the Israel Defence Forces (IDF) and Hamas militants.

Israeli Prime Minister Benjamin Netanyahu on Wednesday called the offer for a ceasefire in Gaza “delusional”, Reuters reported. He further reiterated Israel’s stand to completely vanquish the Iran-backed militant group.

Brent’s price also gained after the US Energy Information Administration (EIA) reported a drawdown in US gasoline and distillate stocks in the week ended 2 February.

The US gasoline stocks dropped by 3.15 million bbls to 251 million bbls last week, driven by an increase in demand. The country's distillate stocks, which include diesel and gasoil, also fell for the third consecutive week. The stocks declined by 3.22 million bbls to 127.58 million bbls.

Brent futures rallied “after the Energy Information Administration (EIA) released its weekly inventory statistics,” said SPI Asset Management’s managing partner Stephen Innes. “This surge was driven by a larger-than-anticipated decline in U.S. fuel stocks and escalating geopolitical tensions in the Middle East,” he added.

Downward pressure:

Brent prices felt some downward pressure after the EIA also reported a staggering rise in US crude stocks.

Commercial US crude inventories rose by 5.5 million bbls on the week, to 427.43 million bbls on 2 February, according to the EIA. The weekly stock build was much bigger than the American Petroleum Institute's (API) projection of 674,000 bbls build.

By Tuhin Roy and Aparupa Majumdar

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