

MARKET UPDATE EAST OF SUEZ

ENGINE



ENGINE: East of Suez Physical Bunker Market Update

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Most prices in East of Suez ports have moved down, and rough weather conditions may potentially impact bunkering in the UAE ports of Fujairah, Khor Fakkan and Jebel Ali.

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

- **VLSFO prices up in Fujairah (\$11/mt), and down in Zhoushan (\$23/mt) and Singapore (\$4/mt)**
- **LSMGO prices down in Zhoushan (\$27/mt), Singapore (\$16/mt) and Fujairah (\$4/mt)**
- **HSFO prices up in Fujairah (\$12/mt), and down in Zhoushan (\$6/mt) and Singapore (\$3/mt)**

Fujairah's VLSFO price has risen by \$11/mt over the weekend, while Zhoushan and Singapore's prices have declined. Two higher-priced VLSFO stems fixed in Fujairah in a wide range of \$31/mt over the weekend supported the benchmark's rise. This has meant that Fujairah's VLSFO discount to Zhoushan has been erased, and now stands at a marginal premium of \$1/mt. Fujairah's VLSFO discount to Singapore's stands at \$10/mt.

Prompt availability of all grades remains under pressure in Fujairah as recent weather-related disruptions in Fujairah have caused severe bunker backlogs and delivery delays. Most suppliers are recommending lead times of 7-10 days. The UAE ports of Fujairah and Khor Fakkan are currently witnessing strong winds, which might impact bunker deliveries, a source says. Adverse weather conditions are forecast to persist until 21 February.

Additionally, marine operations have been restricted in the UAE port of Jebel Ali since yesterday due to strong winds, according to GAC Hot Port News.

In Zhoushan, bunker suppliers have resumed operations after the Chinese Lunar New Year holidays, with most suppliers advising a lead time of around 5-7 days across all grades.

Meanwhile, the availability of VLSFO remains constrained in Singapore. Four suppliers are struggling to meet delivery schedules, a source says. Recommended lead times for VLSFO vary widely between 4-11 days. HSFO supply is also tight, with lead times ranging between 4-12 days.

LSMGO supply is relatively better compared to the other two grades. Lead times of 2-6 days are recommended for the grade.

Brent

The front-month ICE Brent contract gained \$0.27/bbl on the day from Friday, to trade at \$82.65/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures gained over the weekend due to heightened concerns about supply disruptions in the oil market after another crude oil tanker was hit by Houthi-launched missiles on Saturday

Four ballistic anti-ship missiles were launched at a Panamanian-flagged and Denmark-owned vessel MT Pollux by Iran-aligned Houthi militants on 17 February, US CENTCOM said. The vessel was carrying crude oil from Russia to India.

Moreover, geopolitical tensions in the Middle East have escalated after Israel launched another ground offensive in southern Gaza.

“These developments [in the Middle East] spurred modest gains in Brent and WTI prices as investors reacted to the heightened geopolitical risks,” said SPI Asset Management’s managing partner Stephen Innes.

Downward pressure:

Brent’s recent gains were partially capped after the International Energy Agency (IEA) lowered its outlook for global oil demand growth.

The IEA expects global oil demand to grow by 1.2 million b/d this year, in a heavy contrast to oil-producers group OPEC’s projection of a 2.2 million b/d growth.

The Paris-based agency also sees a balance in the oil market for the first quarter of 2024, despite voluntary production cuts by OPEC+.

“This outlook contrasts with the EIA’s projection of a 100,000-bpd [b/d] drawdown from global oil supply in the first quarter,” said SPI Asset Management’s managing partner Stephen Innes.

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