

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 availability of all bunker fuel grades has tightened in several Japanese ports.

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

- **VLSFO prices up in Zhoushan (\$11/mt) and Fujairah (\$1/mt), and down in Singapore (\$7/mt)**
- **LSMGO prices up in Fujairah (\$8/mt), unchanged in Zhoushan, and down in Singapore (\$1/mt)**
- **HSFO prices up in Singapore (\$2/mt), and down in Fujairah and Zhoushan (\$6/mt)**

VLSFO prices have seen varied movements across major bunkering ports. Zhoushan and Fujairah observed increases, while Singapore's VLSFO prices fell. This dip in Singapore's VLSFO price has been influenced by the fixing of two lower-priced VLSFO stems today in a narrow range of \$2/mt. This has meant that Singapore's VLSFO price currently stands at a marginal premium of \$2/mt over Fujairah, while its VLSFO premium over Zhoushan has been erased and now stands at a discount of \$7/mt

Singapore continues to grapple with tight VLSFO availability, with at least four suppliers struggling to meet delivery schedules. Lead times of 5-9 days are recommended for VLSFO. HSFO supply also faces pressure, with lead times ranging from 5-10 days. On the other hand, LSMGO remains readily available, with shorter lead times of 2-6 days.

In Japan, tightness in supply across all bunker grades has been noted in several ports. The tightness in supply has largely resulted from local refineries redirecting more fuel oil to the power and bitumen sectors, leaving less supply available for the bunker market.

Lead times for bunker fuel grades vary across key Japanese ports, ranging from approximately five days in Tokyo, Chiba, Osaka, and Kobe, to eight days in Nagoya and Yokkaichi, and even longer periods of 12-13 days in Mizushima and Oita. This supply tightness has led to higher VLSFO prices in Japanese ports, with Tokyo's VLSFO currently priced about \$61/mt higher than Singapore's and \$54/mt higher than Zhoushan's.

Brent

The front-month ICE Brent contract gained \$0.63/bbl on the day, to trade at \$83.28/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Escalating tensions in the Middle East coupled with signs of an economic recovery in China have supported Brent futures' recent gains.

Brent's price moved higher after China's income from tourism recorded a sharp rise of 47.3% year-on-year, during the national Lunar New Year holiday that ended last week, Reuters reported.

The surge in tourism activities in the country also signifies a robust oil demand, potentially leading to an increase in Brent prices. "The Chinese government has intensified its efforts to stabilize the stock market and bolster the economic recovery amid ongoing challenges," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, Brent's price also gained as the Iran-aligned Houthis escalated attacks on commercial ships transiting the Bab al-Mandeb Strait and the Gulf of Aden. At least four vessels have been attacked since Friday, including the Belize-flagged cargo ship RUBYMAR, which is now at risk of potential sinking in the Gulf of Aden.

Houthi spokesperson Yahya Sare'e claimed responsibility for the attack on the social media platform X (formerly Twitter). The spokesperson warned that Houthi militia attacks in the Red Sea will continue until Israel halts its military operations in the Gaza Strip.

Downward pressure:

The International Energy Agency's (IEA) latest bearish outlook on global oil demand growth has capped some of Brent's price gains.

Last week, the US Energy Information Administration (EIA) reported a whopping 12 million bbls rise in commercial US crude stockpiles. A large build in crude inventories also indicated a decline in crude oil demand in the US.

"The move [EIA report] was largely driven by lower refinery utilisation rates which fell by 1.8pp WoW [1.8 percentage points week-on-week] to 80.6%," commented two analysts from ING Bank. According to the EIA's data, US refinery utilisation has averaged 81.5% so far this month, down from 88.5% in January.

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