ENGINE: East of Suez Physical Bunker Market Update

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Most prices in East of Suez ports have moved down, and bunker availability has tightened across several South Korean ports.

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

- **VLSFO prices up in Singapore and Zhoushan ($11/mt), and Fujairah ($6/mt)**
- **LSMGO prices up in Zhoushan ($22/mt) and Singapore ($16/mt), and down in Fujairah ($1/mt)**
- **HSFO prices up in Zhoushan ($12/mt), Singapore ($8/mt) and Fujairah ($6/mt)**

In major Asian bunker hubs, there's been a notable uptick in prices, closely mirroring Brent's recent upward trajectory. Specifically, VLSFO prices in key East of Suez ports have seen an increase ranging from $6-11/mt. Singapore maintains a $7/mt premium over Fujairah for VLSFO, while its discount to Zhoushan remains marginal at $3/mt.

Lead times for VLSFO in Singapore vary between 4-11 days, while HSFO availability faces pressure, with lead times ranging from 7-12 days. Conversely, LSMGO remains more readily available, with shorter lead times of 2-6 days.

In Malaysia's Port Klang, VLSFO and LSMGO availability remains stable, with multiple suppliers offering prompt delivery dates. However, HSFO supply is experiencing constraints as most suppliers are facing low stock levels.

South Korean ports are also feeling the squeeze, with increased bunker demand leading to tighter availability across all fuel grades. Lead times for VLSFO and LSMGO have extended, now ranging from 7-11 days, compared to around seven days just last week. HSFO lead times vary widely, spanning from 5-17 days.

Looking ahead, adverse weather conditions are forecasted intermittently over the weekend and into the middle of next week, which may impact bunker operations at key South Korean ports including Ulsan, Onsan, Busan, Daesan, Taean, and Yeosu.

Brent

The front-month ICE Brent contract gained $1.44/bbl on the day, to trade at $83.17/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures pared the previous day's losses amid escalation of geopolitical tensions in the Middle East.

Iran-backed Houthis have now started targeting US naval ships, the Yemeni militia's spokesperson Yahya Sare'e confirmed on social media platform X (formerly Twitter).

The US Central Command (CENTCOM) also confirmed retaliating to these attacks with four self-defense strikes against seven mobile anti-ship missiles and one ballistic anti-ship missile.

"[Brent] Prices have also been supported in recent weeks amid increasing tensions in the Middle East," ANZ Bank's senior commodity strategist Daniel Hynes said in a note. "Houthi rebels continue to attack merchant ships in the Red Sea while Israel continues to push back on proposed ceasefire agreements," he added.

Downward pressure:

Meanwhile, Brent futures felt some downward pressure after the American Petroleum Institute (API) reported another sharp rise in US crude stockpiles.

The US commercial crude inventories climbed by 7.17 million bbls in the week ended 16 February, ousting the market projection of a 4.3 million-bbl build during the same time, according to the API data.

Separately, the US Federal Reserve's (Fed) Federal Open Market Committee (FOMC) released minutes from its January meeting, which indicated a possible delay in interest rates cut in the US due to sticky inflation.

"FOMC minutes highlighted [that] most Fed officials were concerned of the risk of cutting [interest] rates too early," Hynes said.

Higher interest rates in the US can often diminish global demand for commodities like oil, as it increases purchasing costs for those holding non-dollar currencies.

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