ENGINE: East of Suez Physical Bunker Market Update

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Most prices in East of Suez ports have remained rangebound, and VLSFO and LSMGO supply is good across several East Asian ports.

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

- **VLSFO prices down in Fujairah and Zhoushan ($4/mt), and Singapore ($2/mt)**
- **LSMGO prices up in Fujairah ($2/mt), and down in Singapore ($11/mt) and Zhoushan ($3/mt)**
- **HSFO prices down in Fujairah and Zhoushan ($4/mt), and Singapore ($1/mt)**

In East of Suez ports, bunker fuel prices have mostly traded in a narrow range, except for a notable drop in Singapore's LSMGO price by $11/mt. Three LSMGO stems were fixed in Singapore, spanning a wide price range of $40/mt. However, a couple of these stems at the lower end of the range have influenced a downward trend in the benchmark price. Singapore's LSMGO now stands at a discount of $97/mt to Fujairah and $38/mt to Zhoushan.

Meanwhile, VLSFO prices in major Asian bunker hubs have remained largely stable. Singapore's VLSFO holds a slight premium of $10-11/mt over Zhoushan and Fujairah.

There are challenges in VLSFO supply in Singapore, with some suppliers struggling to meet delivery commitments. Lead times of eight days are generally recommended. HSFO supply is also strained, with lead times ranging between 4-10 days, similar to the previous week. Conversely, LSMGO supply is abundant, with shorter lead times of 2-4 days.

In Malaysia's Port Klang, VLSFO and LSMGO availability is steady, but HSFO supply is scarce. VLSFO and LSMGO availability is also good in the nearby Indonesian ports of Jakarta and Surabaya, while VLSFO supply is tight in Balikpapan.

Overall, bunker fuel supply in Hong Kong is mostly satisfactory, with lead times of around seven days, similar to the previous week. Some suppliers can accommodate prompt dates for smaller quantities.

Brent

The front-month ICE Brent contract gained $0.29/bbl on the day, to trade at $82.76/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Global supply concerns continued to support Brent futures.

Organization of the Petroleum Exporting Countries (OPEC) and its allies are expected to extend voluntary production cuts into the second quarter of this year, Reuters reported citing sources.

Brent's price surged "in response to media reports suggesting that the Organization of the Petroleum Exporting Countries (OPEC) and Russia-led producers are contemplating extending the current output cuts," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, Brent futures also gained after Russia announced a six-month ban on all gasoline exports starting 1 March, due to planned refinery maintenance work, state-owned media agency TASS reported.

"The decision may have been influenced by unplanned refinery outages in Russia, possibly exacerbated by escalating drone attacks from the Ukrainian military," Innes added.

Downward pressure:

Downward pressures acting on Brent futures today include another whopping build in the US crude stocks, noted by the American Petroleum Institute (API).

US commercial crude inventories increased by 8.42 million bbls in the week ended 23 February, according to API figures. This week's inventory growth, as per the API data, marked the fourth consecutive week of rise in US crude stocks, indicating a lacklustre demand growth in one of the world's largest oil consuming nations.

Meanwhile, Wafa oil field in western Libya resumed operations on Tuesday, after remaining closed over the weekend due to protestors demanding better wages, Bloomberg reported.

The oil field produces around 40,000 – 45,000 b/d of crude oil.

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