ENGINE: East of Suez Physical Bunker Market Update

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Bunker prices in East of Suez ports have been broadly stable, and availability of all grades remain good in China's Zhoushan.

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

- **VLSFO prices up in Fujairah ($2/mt), and unchanged in Singapore and Zhoushan**
- **LSMGO prices up in Singapore ($1/mt), and down in Fujairah ($9/mt) and Zhoushan ($1/mt)**
- **HSFO prices up in Fujairah ($2/mt) and Singapore ($1/mt), and unchanged in Zhoushan**

Bunker benchmarks in East of Suez ports have remained relatively stable in the past day, with VLSFO prices showing little deviation in major Asian ports. Notably, Zhoushan's VLSFO price is consistently lower than Singapore and Fujairah, with discounts of $11/mt and $3/mt, respectively.

Improved availability of bunker fuel has been noted in Zhoushan due to subdued demand, prompting suppliers to recommend shorter lead times for all grades. VLSFO and LSMGO deliveries now require 2-4 days, and HSFO needs 4-6 days, a decrease from 5-7 days last week. However, bunkering operations at Zhoushan's anchorages have been suspended this morning due to rough weather conditions. Bunkering is expected to resume fully by Saturday, when calmer weather is forecast.

In North China, Dalian is experiencing tight supply for VLSFO and LSMGO, while Tianjin is facing supply constraints for all fuel grades. Southern ports like Shanghai and Guangzhou are also encountering tightness in VLSFO, LSMGO, and even HSFO in Shanghai. In contrast, ports such as Fuzhou, Yangpu, and Xiamen are reporting good availability of low-sulphur fuel grades.

Brent

The front-month ICE Brent contract gained $0.42/bbl on the day, to trade at $83.18/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures extended the previous day's gains amid growing concerns about global supply tightness.

Voluntary production cuts of 2.2 million b/d by OPEC producers and allies (OPEC+) that commenced from the beginning of this year have been supporting Brent's price. Oil market analysts expect the coalition to extend the current supply agreement into the second quarter of 2024.

"[Brent] Prices have been steadily climbing in recent weeks amid signs of tightness," ANZ Bank's senior commodity strategist Daniel Hynes said.

OPEC+ is scheduled to meet in early March to discuss its output strategy.

"The focus is gradually shifting to the OPEC+ decision on voluntary output cuts for the second quarter of 2024," said two analysts from ING Bank. "Expectations are that the group may extend the existing cuts considering the softer crude oil prices," they added.

Downward pressure:

Brent's price gains were capped after the US Energy Information Administration's (EIA) weekly oil inventory report showed a sizeable build in US crude stocks, indicating slow demand growth in the country.

Commercial crude oil inventories in the US increased for the fifth straight week, by 4 million bbls to reach 447.16 million bbls on 23 February, according to the EIA. Analysts polled by Reuters expected a rise of 2.7 million bbls.

"Oil [Brent] futures dipped following the data release by the U.S. Energy Information Administration (EIA), indicating a continued increase in commercial crude oil stockpiles for the fifth consecutive week through February 23," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, the US, the UAE and Qatar's ongoing negotiations over a six-week ceasefire in the Gaza Strip in exchange for the release of Israeli hostages have also put some downward pressure on Brent's prices.

US President Joe Biden said that Israel has agreed to halt military operations in Gaza during the Muslim holy month of Ramadan which begins on 10 March, Reuters reported.

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