ENGINE: East of Suez Physical Bunker Market Update

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Prices in East of Suez ports have moved up, and availability remains good across all grades in China's Zhoushan.

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

- **VLSFO prices up in Zhoushan ($18/mt), Fujairah ($17/mt) and Singapore ($13/mt)**
- **LSMGO prices up in Zhoushan ($32/mt), Fujairah ($18/mt) and Singapore ($13/mt)**
- **HSFO prices up in Zhoushan ($16/mt), Fujairah ($12/mt) and Singapore ($11/mt)**

Bunker prices in East of Suez ports have increased over the weekend, mirroring the upward movement in Brent futures. Zhoushan's VLSFO price has risen by $18/mt, the sharpest increase among key Asian bunker ports. Despite this surge, Zhoushan continues to offer its VLSFO at lower prices compared to Fujairah and Singapore, with discounts of $5/mt and $4/mt, respectively.

LSMGO prices have also surged across the three major Asian ports, particularly in Zhoushan, where despite the increase, the grade remains at a $67/mt discount to Fujairah but commands a $40/mt premium over Singapore.

Availability of all bunker fuel grades remains good in Zhoushan, with suppliers recommending lead times of 3-5 days, similar to the previous week. However, rough weather conditions could disrupt bunker operations at Zhoushan's anchorages from tomorrow. Strong wind gusts of 21-28 knots and swells of more than a metre are forecast to hit the region in periods between Tuesday and Wednesday.

In Japan, sluggish bunker demand persists due to high prices and limited cargo availability, exacerbated by adverse weather conditions. Lead times vary across key Japanese ports, ranging from 5-8 days in Tokyo, Chiba, Osaka, and Kobe, to longer periods of 11-15 days in Nagoya, Yokkaichi, Mizushima, and Oita.

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

Brent

The front-month ICE Brent contract gained $1.60/bbl on the day from Friday, to trade at $83.78/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent's price got a boost after the Organization of the Petroleum Exporting Countries and its allies (OPEC+) announced the extension of a voluntary output cut of 2.2 million b/d into the second quarter of this year.

OPEC's de-facto leader Saudi Arabia announced a voluntary cut of 1 million b/d, followed by Iraq (220,000 b/d), the UAE (163,000 b/d), Kuwait (135,000 b/d), Kazakhstan (82,000 b/d), Algeria (51,000 b/d) and Oman (42,000 b/d) through the end of June.

Russia, the leading producer of OPEC+, will continue oil production and export cuts by an additional 471,000 b/d in the second quarter, its Deputy Prime Minister Alexander Novak said on Sunday.

This announcement will support Brent's price gains as "signs of tightness in the physical market continue to push crude oil higher," ANZ Bank's senior commodity strategist Daniel Hynes said. "Output cuts by the OPEC+ alliance continue to reduce supply as the market worries about the renewed tensions in the Middle East," he added.

Meanwhile, in a clear escalation of the Middle Eastern conflict, Iran-backed Houthis vowed on Sunday that the group will continue targeting US- and UK-operated ships transiting the Gulf of Aden, following the sinking of UK-owned cargo vessel M/V RUBYMAR.

"Yemen will continue to sink more British ships, and any repercussions or other damages will be added to Britain's bill," Hussein al-Ezzi, a senior member of the Houthi group said in a post on X (formerly Twitter).

Downward pressure:

Meanwhile, mixed projections for world oil demand growth have put some downward pressure on Brent futures.

Last week, the US Energy Information Administration's (EIA) weekly oil inventory report showed a big build in US crude stockpiles, indicating a lackluster demand growth in the country.

Commercial crude oil inventories in the US surged by 4 million bbls to reach 447.16 million bbls on 23 February, according to the EIA.

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