

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have continued to push higher with Brent after a surprise OPEC+ crude output cut announcement.

Changes on the day to 08.00 CDT (13.00 GMT) today:

- **VLSFO prices up in Houston (\$58/mt), Balboa (\$43/mt) and Zona Comun (\$13/mt)**
- **LSMGO prices up in Balboa (\$22/mt) and Houston (\$17/mt), and unchanged in New York**

HSFO prices up in Houston (\$54/mt) and Balboa (\$6/mt)

Houston's VLSFO price has made the steepest gain in the past day. The grade has been offered firm at higher levels. Zona Comun's VLSFO price has made a smaller gain, flipping its \$24/mt price premium over Houston, to a \$21/mt discount now.

Houston's HSFO has also risen sharply since yesterday, while Balboa's HSFO rose marginally. Balboa's HSFO price has flipped to a rare \$40/mt discount to Houston now, from \$8/mt premium yesterday.

New York's LSMGO price has kept unchanged. A higher-priced 50-150 mt LSMGO stem and a lower-priced 150-500 mt LSMGO stem have been fixed in the past day and added countering price pressures.

HSFO is in tight supply in Houston. One supplier can deliver with eight days of lead time, and another with 13 days.

Bunker deliveries have been suspended by rough weather again in the Galveston Offshore Lightering Area (GOLA), which is experiencing gale-force wind gusts of up to 35 knots and has bad weather forecast until Friday.

LSMGO can be supplied very prompt in New York. One supplier is able to deliver stems with 2-4 days of lead time.

Brent

Front-month ICE Brent has come up by \$1.17/bbl on the day, to \$85.74/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent price movement is currently dominated by unexpected output cuts announced by OPEC+, led by Saudi Arabia. The latest OPEC+ oil production cuts totalling 1.16 million b/d through 2023 are in addition to the 2 million b/d output cuts announced last October.

China's reopening has raised concerns over tightening oil supplies. ANZ commodity strategist Daniel Hynes believes that OPEC+ output cut could threaten "to push the market into deficit quickly." "This move sends a strong message to the market, with OPEC drawing a line in the sand regarding oil prices," he adds.

Brent futures are also drawing support from a steep fall in US emergency reserves, which have fallen to their lowest levels since 1983. This might keep the Biden administration away from releasing more oil to lower rising oil prices.

The number of rigs extracting crude oil and natural gas in the US fell by three to 755 last week, after rising for two consecutive weeks, Baker Hughes reported. This is the first quarterly drop in the US rig count since 2020.

Downward pressure:

Lingering concerns about the pace of China's economic recovery post-lockdown has limited Brent's price increase. OANDA's senior market analyst Edward Moya has noted that OPEC's production cut signals that oil producers are "not confident with the demand outlook."

Both the European Central Bank and the US Federal Reserve are expected to raise interest rates by 25-basis-point in their upcoming policy meetings. This could weigh on Brent prices amid growing concerns about a recession in the US and Europe.

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