

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in key Americas ports have increased with Brent in the past day, with the notable exception of Houston's falling LSMGO price.

- **Changes on the day to 08.00 CDT (13.00 GMT) today:**
- **VLSFO prices up in Balboa and Zona Comun (\$5/mt), New York and Los Angeles (\$3/mt) and Houston (\$1/mt)**
- **LSMGO prices up in Balboa (\$15/mt), Zona Comun (\$6/mt), New York (\$5/mt) and Los Angeles (\$4/mt), and down in Houston (\$13/mt)**
- **HSFO prices up in Los Angeles and Balboa (\$3/mt) and Houston (\$2/mt)**

Houston's LSMGO price has moved against the general market direction by falling on the day. The grade has been offered firm at lower levels than Houston's benchmark yesterday. This has widened Houston's LSMGO discount to New York from \$20/mt to \$38/mt now, and its LSMGO discount to Balboa has gone from \$31/mt to \$59/mt now.

However, Houston's LSMGO continues to trade at a rare premium over Los Angeles. Suppliers in Los Angeles are currently offering the fuel grade at cheapest prices among major Americas ports.

Similarly, Houston, which is typically the lowest-priced port for VLSFO, continues to offer the fuel grade at unusual premiums over Zona Comun and New York.

Bunker operations remain suspended in the Galveston Offshore Lightering Area (GOLA), where weather conditions are rough. However, delivery prospect can change on a case-by-case and calmer weather is forecast for later today, a source says.

Brent

Front-month ICE Brent has come up by \$0.33/bbl on the day, to \$85.11/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

ANZ commodity strategist Daniel Hynes has estimated that OPEC+'s surprise output cut "has the potential to push the implied oil market deficit as deep as 2mb/d [2 million b/d] in coming months." He adds that sluggish supply growth in the US and limited spare capacity with some suppliers will shore up oil prices in the near future.

ING's head of commodity strategy Warren Patterson echoes Hynes' comments about potential supply shortage in the oil market. ING has also raised its Brent price forecast to \$100/bbl in the second half of 2023 from \$97/bbl earlier.

Saudi Arabia has hiked the official selling price (OSP) for May Arab Light crude by 30 cents/bbl from April. According to Reuters, the OSP is now \$2.80/bbl over Oman/Dubai quotes. The hike in OSP "points to further strength in demand in the region," Hynes says in a note.

Downward pressure:

The initial shock of OPEC+'s unexpected output cut has been mitigated by a drop in US job openings. A decline in job openings indicates that the rate of job growth is slowing down. This can be an early indicator of a weakening economy and highlights the possibility of a recession in the US.

Commercial US crude inventories declined by 3.74 million bbls on the week, to 469.96 million bbls on 31 March, according to the official weekly figures from the US Energy Information Administration (EIA). However, the decline was lower than the 4.3 million-bbl draw estimated by the American Petroleum Institute (API).

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