

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

13/04/23

ENGINE: Americas Bunker Fuel Market Update

Most bunker prices have been rangebound the Americas, and New York and Zona Comun's VLSFO prices have dropped to discounts to Houston again.

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

- **VLSFO prices up in Houston (\$7/mt), unchanged in Balboa, and down in Los Angeles (\$25/mt), Zona Comun (\$6/mt) and New York (\$1/mt)**
- **LSMGO prices up in Balboa (\$8/mt), Houston (\$7/mt) and New York (\$3/mt), and down in Los Angeles (\$25/mt)**

HSFO prices up in Los Angeles (\$7/mt), New York (\$5/mt), Balboa (\$4/mt) and Houston (\$2/mt)

Houston's VLSFO has gained in the past day, while New York's VLSFO has edged lower. This has flipped New York's slim \$4/mt premium over Houston, to a \$4/mt discount now. Similarly, Zona Comun's VLSFO price has come down from a \$6/mt premium over Houston yesterday, to \$7/mt discount now.

Los Angeles' LSMGO has made the steepest drop in the past day, while Houston's LSMGO has gained. This has more than halved Los Angeles' premium over Houston, from \$71/mt to \$29/mt now.

Securing prompt delivery of all fuel grades is possible in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions this week. However, wind speeds are set to pick up again on Saturday and can hold back bunkering.

All cargo operations and vessel movements resumed yesterday evening in Argentina's Necochea port, after the Tally clerks' strike against a local stevedoring contractor stopped operations for few hours.

Brent

Front-month ICE Brent has gained by \$0.77/bbl on the day, to \$86.80/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

The US Energy Information Administration (EIA) has forecast the Brent spot price to average \$85/bbl this year - an upward revision of \$3/bbl from its March outlook. It has explained that the additional oil production cuts announced by OPEC and its allies, including Russia, will tighten the oil market this year and drive Brent's spot price higher.

The EIA has also lowered its global liquid fuel production forecast for this year by 300,000 b/d from its March forecast.

Bearish short positions in the Brent futures contract have fallen to their lowest levels since late January, according to Reuters analyst John Kemp. This is after major OPEC+ members announced oil production cuts starting in May, says Kemp.

"Investors bought petroleum futures and options at the fastest rate for more than three years after Saudi Arabia and other OPEC+ producer group members announced voluntary cuts in oil output," Kemp has written in a Reuters column.

Downward pressure:

Commercial US crude inventories grew by 597,000 bbls on the week, to 475.55 million bbls on 7 April, according to official weekly figures from the EIA. The weekly stock build has surpassed the 377,000-bbl build estimated by the American Petroleum Institute (API) on Tuesday.

The International Monetary Fund has downgraded this year's global GDP outlook citing macroeconomic uncertainties caused by the "financial sector turmoil, high inflation, ongoing effects of Russia's invasion of Ukraine, and three years of COVID."

The US Federal Reserve (Fed) released the minutes of its Federal Open Market Committee (FOMC) meeting held in March. The minutes indicate that the US economy is predicted to enter a recession later this year, partly because of headwinds from the recent banking sector turmoil.

"Recent developments [in the banking sector] are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring, and inflation. The extent of these effects is uncertain," the FOMC said. It added that the Fed is "highly attentive to inflation risks."

By Debarati Bhattacharjee and Konica Bhatt

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com