

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

14/04/23

Regional bunker prices have mostly tracked Brent's downward trend, with the notable exception of Houston's VLSFO.

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

- **VLSFO prices up in Houston (\$6/mt), and down in Los Angeles (\$21/mt), Zona Comun (\$13/mt), Balboa (\$11/mt) and New York (\$9/mt)**
- **LSMGO prices down in Los Angeles (\$39/mt), New York (\$18/mt), Houston (\$10/mt) and Balboa (\$7/mt)**
- **HSFO prices down in Houston (\$10/mt), New York (\$5/mt), Los Angeles and Balboa (\$3/mt)**
- **Houston's VLSFO ran counter to the general market direction by gaining on the day. Four 500-1500 mt higher-priced VLSFO stems contributed to keeping the port's benchmark elevated.**

Houston has seen a jump in stems fixed so far this week, after the previous week's muted demand. 14 stems have been recorded by ENGINE so far since Monday. Out of the 14 stems, nine stems have been for VLSFO and five for LSMGO.

LSMGO and VLSFO availability is normal in Houston, with most suppliers able to deliver stems with a lead time of 2-3 days.

Los Angeles' LSMGO price dropped by \$39/mt in the past day, while Houston's LSMGO fell by a modest \$10/mt. The price moves have resulted in bringing Los Angeles' price to parity levels with Houston's.

Bunkering has been running smoothly in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions and suppliers are able to accommodate prompt stems with 3-4 days of lead time. However, strong winds forecast between Sunday and Monday could disrupt bunkering in GOLA again.

Brent

Front-month ICE Brent has dropped by \$0.70/bbl on the day, to \$86.10/bbl at 08.00 CDT (13.00 GMT).

Upward pressure:

OPEC has kept its global demand growth forecast for this year unchanged from its March outlook. The global oil demand is projected to increase by 2.3 million b/d this year to 101.9 million b/d, led by China, according to OPEC's latest oil market report.

China imported 12.37 million b/d of crude oil in March, according to official customs data accessed by Reuters. This is the highest level in nearly three years, Reuters reports.

OPEC has lowered Russia's oil production forecast by an additional 50,000 b/d from its March projection considering recent output cuts announced by the country. It has estimated Russian liquid fuel production to drop by 750,000 b/d to average 10.3 million b/d this year.

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. According to the EIA, the additional oil production cut announced by OPEC+ will tighten the oil market this year and push Brent's spot price higher.

Downward pressure:

OPEC has forecast a decline in the US and European summer oil demand in the second quarter of this year amid concerns over an economic slowdown and rising interest rates. The organisation has highlighted that "ongoing French refinery strikes" and "peak refinery maintenance in Asia" could further reduce summer oil demand.

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. This could lower oil demand in the US.

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