

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have tracked declining Brent values, and bad weather could trigger suspension in Zona Comun.

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

- **VLSFO prices up in New York (\$4/mt), and down in Houston (\$12/mt), Los Angeles (\$11/mt), Zona Comun (\$8/mt) and Balboa (\$4/mt)**
- **LSMGO prices up in Houston (\$3/mt), and down in New York (\$32/mt), Los Angeles (\$28/mt), Balboa (\$10/mt) and Zona Comun (\$5/mt)**
- **HSFO prices up in Balboa (\$30/mt) and Los Angeles (\$1/mt), and down in Houston (\$11/mt) and New York (\$7/mt)**

Houston's LSMGO price has inched higher over the weekend. Two higher-priced 50-150 mt stems have contributed to keep the port's benchmark elevated. While LSMGO prices in New York and Los Angeles have declined sharper. The price moves have resulted in bringing Houston's price to parity levels with New York's.

Meanwhile, Houston's LSMGO price premium over Los Angeles stands at \$31/mt now, from parity level on Friday.

Balboa's HSFO price has countered the general market direction by rising on the day, while the port's VLSFO price has dropped marginally. This has narrowed the port's Hi5 spread by \$34/mt to \$144/mt.

Suppliers in Galveston Offshore Lightering Area (GOLA) can accommodate prompt stems within 2-3 days of lead time amid calmer weather. But a period of strong winds from tomorrow could disrupt GOLA bunkering until Friday.

Securing VLSFO and LSMGO stems for prompt dates is possible in Argentina's Zona Comun now. However, strong wind gusts of up to 44 knots are forecast to hit Zona Comun between tomorrow and Wednesday to potentially trigger a suspension or delays.

## **Brent**

Front-month ICE Brent has dropped by \$1.02/bbl on the day from Friday, to \$85.78/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Forecasts of higher global oil demand and a subsequent shortage of supply this year are supporting Brent futures.

OPEC has projected global oil demand to increase by 2.3 million b/d this year to 101.9 million b/d. The International Energy Agency (IEA) has also forecast a "record" world oil demand of 101.9 million b/d this year.

The IEA has warned that this "record" world oil demand, led by recovery in Chinese consumption and surprise production cuts by OPEC+, will push the world oil supply down by 400,000 b/d by the end of this year.

The US Energy Information Administration (EIA) has also trimmed its global liquid fuel production forecast by 300,000 b/d from its March forecast. In its April short-term outlook, the EIA has forecast OPEC crude oil production to average 33.7 million b/d this year. This is down by 400,000 b/d from its previous forecast.

### **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.

"Some mild recession is definitely on the table" in the US – since the Federal Reserve has raised benchmark interest rate by "almost 500 basis points in a year", Chicago Fed President Austan Goolsbee has told CNBC.

*By Debarati Bhattacharjee and Konica Bhatt*

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