

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

20/04/23

Most bunker benchmarks in major Americas ports have declined again with Brent, and bunker operations have been suspended in GOLA.

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

- VLSFO prices up in Balboa (\$3/mt) and New York (\$2/mt), and down in Houston (\$15/mt), Zona Comun (\$12/mt) and Los Angeles (\$4/mt)
- LSMGO prices down in Houston (\$27/mt), Zona Comun (\$22/mt), Balboa (\$14/mt), Los Angeles (\$5/mt) and New York (\$2/mt)
- HSFO prices up in New York (\$4/mt), unchanged in Houston, and down in Balboa (\$5/mt) and Los Angeles (\$3/mt)

Houston has seen a notable rise in stems number of stems fixed in the past day. Seven stems with prompt delivery have been recorded by ENGINE. Four stems have been fixed for LSMGO and the rest three for VLSFO. Stems featuring in lower price brackets have contributed to pull the benchmarks lower.

Los Angeles' Hi5 spread is currently around \$53/mt, a massive drop from peak levels above \$500/mt in June last year.

Bunkering has been suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts. Rough weather is expected to continue in GOLA until next week, with wind speeds set to intensify further and touch 40 knots on Monday.

Bunker operations have resumed in Zona Comun today, after being suspended yesterday due to bad weather conditions. Several suppliers have resumed bunker deliveries and most suppliers can deliver stems within 3-4 days of lead time.

Brent

The front-month ICE Brent contract dropped \$1.48/bbl on the day, to \$81.91/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

A greater-than-expected draw in US commercial crude inventories and worries surrounding supply tightening prevented Brent's price from plummeting lower.

US commercial crude inventories declined by 4.58 million bbls on the week, to 465.97 million bbls on 14 April, according to US Energy Information Administration (EIA) data. The weekly draw exceeded the 2.68-million-bbl increase estimated by the American Petroleum Institute (API).

Meanwhile, the International Energy Agency (IEA) has estimated that global crude demand will hit record levels this year. However, there are concerns that rising demand will outpace the growth in production, leading to a tighter oil market.

Downward pressure:

The US Federal Reserve's Beige Book economic report has signalled an economic slowdown in the US. Demand jitters triggered by a looming recession in the US have kept Brent's price in the red.

The Fed's Beige Book observes that tighter credit conditions have made it difficult for businesses to borrow money, particularly after the collapse of the Silicon Valley Bank (SVB). The report also shows that the labour market is tightening across the US. These factors can contribute to an economic downturn and increase the risk of a recession, it adds.

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