

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Regional bunker prices have mostly increased, and bad weather could impact GOLA bunkering again.

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

- **VLSFO prices up in Los Angeles (\$45/mt), New York (\$12/mt), Zona Comun (\$8/mt), Balboa (\$7/mt) and Houston (\$6/mt)**
- **LSMGO prices up in Zona Comun (\$39/mt), Los Angeles (\$26/mt), Houston (\$13/mt) and New York (\$12/mt), and down in Balboa (\$10/mt)**
- **HSFO prices up in Los Angeles (\$13/mt), New York (\$7/mt) and Houston (\$4/mt), and down in Balboa (\$5/mt)**

Most bunker benchmarks in key ports of Americas have increased in the past day. Los Angeles' VLSFO price increased by \$45/mt - the steepest among other ports. The price gain has meant that its VLSFO discount to Houston's VLSFO has flipped to a \$27/mt premium now.

Houston's LSMGO price has gained by \$13/mt in the past day, while Balboa's LSMGO ran counter to general market direction and has declined by \$10/mt amid downward price pressure from lower-priced indications.

The diverging price moves have contributed to narrow Balboa's LSMGO premium over Houston's from \$49/mt in the past day, to \$26/mt now.

Securing VLSFO and LSMGO for prompt dates in Galveston Offshore Lightering Area (GOLA) can be difficult. The recent weather-disruption has forced suppliers to hold back offers. Product availability is normal, but some suppliers are still catching up on backlogs from recent bad weather, a source says.

Strong gusts of up to 45 knots are forecast in GOLA this weekend and could lead to intermittent suspensions and more congestion.

Petrobras will start LSMGO supply at the Brazilian port of Rio Grande from 1 May. It already supplies VLSFO and MGO grades in the port by using around four bunker barges.

### Brent

The front-month ICE Brent contract has increased by \$1.18/bbl, to \$79.07/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

Brent is being held back from declining further by a potential increase in Chinese oil consumption during the upcoming Golden Week holidays, when travel surges nationwide.

The Chinese Civil Aviation Administration has confirmed that the number of flights booked during the Golden Week has already exceeded six million, state-owned media agency Xinhua reports. That puts bookings at about the same level as those recorded in 2019, before the outbreak of COVID-19.

Chinese officials expect nine million air passenger trips during the holiday period in May, the report adds.

Meanwhile, data from the tourism ministry shows that nearly 1.22 billion domestic tourist trips were made in the first quarter of 2023, a 46.5% increase on the year.

Brent is also drawing support from looming OPEC+ output cuts.

In the US, as of the third week of April, EIA data indicates the nation's Strategic Petroleum Reserve (SPR) stands at 366.9 million bbls, down from nearly 556 million bbls a year ago.

The near 200-million-bbl "gargantuan" difference from last year is bound to make the market uncomfortable, says Phil Flynn, senior account executive at The Price Futures Group.

"The reality is that [US SPR] supplies are extremely tight and the potential for a price spike is real, especially if we see major producers have a disruption in production."

**Downward pressure:**

Fears of a recession, stemming from a slowing US economy, have suppressed Brent prices.

America's gross domestic product (GDP) growth rate dipped to 1.1% in the first quarter of 2023 compared with 2.6% in the fourth quarter of 2022, according to the Bureau of Economic Analysis's (BEA) advanced estimates.

"Compared to the fourth quarter, the deceleration in [US] real GDP in the first quarter primarily reflected a downturn in private inventory investment and a slowdown in nonresidential fixed investment," the BEA noted.

Brent futures are under pressure also because "oil markets have been in surplus for three straight quarters", thanks to robust Russian export volumes, according to Stephen Innes, managing partner of SPI Asset Management. This is despite the strong demand growth in Asia, and the US facing its summer driving season, he added.

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*Please get in touch with comments or additional info to [news@engine.online](mailto:news@engine.online)*

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