

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most benchmarks have gained across Americas ports again, and Zona Comun's VLSFO grade has moved up to larger premiums over most regional ports.

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

- **VLSFO prices up in Zona Comun (\$17/mt), Houston (\$12/mt), New York (\$10/mt) and Balboa (\$7/mt)**
- **LSMGO prices up in Zona Comun (\$16/mt), Balboa (\$14/mt), New York (\$13/mt) and Houston (\$12/mt)**

HSFO prices up in Houston (\$14/mt), Balboa (\$9/mt) and New York (\$8/mt)

Zona Comun's VLSFO price has gained more than in other regional ports as the grade has been offered firm at higher levels than where the port's benchmark stood yesterday.

Zona Comun's VLSFO price is now trading at premiums over Balboa, New York and Houston after demand picked up the fuel grade at the Argentinian anchorage this week.

Availability of VLSFO and LSMGO stems is getting tighter for prompt dates in Zona Comun. Two suppliers are only able to offer stems after 1 June.

Suppliers are able to accommodate prompt VLSFO and LSMGO stems in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions. However, HSFO is getting tighter for prompt deliveries. One supplier is not able to accommodate HSFO stems in GOLA and Houston for prompt dates as well as for dates further out.

Brent

The front-month ICE Brent contract has increased by \$1.20/bbl on the day, to \$76.90/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Nigeria has commissioned the 650,000 b/d Dangote oil refinery, which will begin operations in June. The facility is most likely to process Nigerian crude. However, in recent years, the OPEC member has struggled to meet its production targets due to various factors, including oil theft.

The possibility that Nigeria will have to reduce its crude exports to divert supply to the refinery could further exacerbate concerns about supply tightening.

Meanwhile, seaborne net exports of OPEC nations that implemented production cuts, starting in May, have declined by 1 million b/d over the past two weeks, according to SPI Asset Management's managing partner Stephen Innes, who cited Kpler data.

Furthermore, a Kpler forecast states Russia's oil production for May will hover at 10.70 million b/d, a decrease of about 350,000 b/d from February's output.

Downward pressure:

The oil market remains cautious as the US Congress is still caught in a debt-ceiling stalemate, with the "hard-deadline" of 1 June just over 10 days away.

Concerns over the world's largest economy defaulting on its debt obligations, coupled with slower-than-expected economic recovery in China, have kept Brent under the weather this month.

"Oil prices have come under significant pressure through Q2, primarily reflecting evidence of increasing Western demand headwinds from a sharp manufacturing slowdown and collateral damage from the US banking sectors," Stephen Innes wrote in a recent note to clients.

By Debarati Bhattacharjee and Konica Bhatt

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