

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

01/05/23

Bunker prices have mostly risen in the Americas ports, and high winds could impact Freeport bunkering.

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

VLSFO prices up in Los Angeles (\$10/mt), Balboa (\$5/mt), Zona Comun (\$3/mt) and New York (\$1/mt), and down in Houston (\$10/mt)

LSMGO prices up in Zona Comun (\$25/mt), Houston (\$13/mt), Los Angeles and Balboa (\$11/mt), and down in New York (\$13/mt)

HSFO prices up in Balboa (\$10/mt), Los Angeles (\$8/mt) and Houston (\$2/mt), and down in New York (\$1/mt)

Most bunker benchmarks in the Americas have increased over the weekend, while Houston's VLSFO price has declined. As a result, the port's VLSFO discount to Los Angeles' has nearly doubled from \$25/mt on Friday to \$45/mt now.

Houston's Hi5 spread has narrowed to \$114/mt, slightly narrower than New York's \$119/mt and \$145/mt in Balboa.

Zona Comun's LSMGO price gained by \$25/mt over the weekend – the steepest among other ports. Several higher-priced indications for the grade on Friday have supported the benchmarks' upward swing. Product availability is said to be normal in Zona Comun, with recommended lead times of 5-6 days.

In Galveston Offshore Lightering Area (GOLA), bunkering is progressing normally amid conducive weather conditions today. Calmer weather conditions are forecast to prevail this week, which could allow suppliers to deliver stems as per schedule, a source says. VLSFO and LSMGO availability is said to be normal in GOLA.

Strong wind gusts of up to 30 knots are forecast in Bahamas' Freeport from today and could trigger bunker suspension until Wednesday, a source says.

Brent

The front-month ICE Brent contract has declined by \$0.45/bbl on the day from Friday, to \$78.62/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

OPEC+ production cuts of 1.16 million b/d takes effect from today. Last month, the group announced production cuts of 1.16 million b/d through 2023. These cuts are in addition to the 2 million b/d output cuts announced by the group last October, taking the total OPEC+ production reduction to 3.66 million b/d this year.

As OPEC+ members cut down production and Chinese oil demand recovers, the crude price is expected to gradually rise to nearly \$90/bbl this year, a Reuters poll shows. The survey predicts that crude will average \$87.12/bbl this year, up from the previous forecast of \$86.49/bbl.

Downward pressure:

China's official manufacturing purchasing managers index (PMI) declined to 49.2 in April from 51.9 in March, beating Reuters analyst prediction of 51.4 for the month. An unexpected drop in Chinese manufacturing data has raised concerns about China's post-Covid 19 economic recovery. This has capped Brent gains.

The US Federal Reserve will hold a two-day Federal Open Market Committee (FOMC) meeting this week. Several market participants expect the central bank to increase interest rates by 25 basis points. Since March last year, the Fed has increased its interest rates by 475 basis points, moving from a near-zero level to the current 4.75-5% range, Reuters said.

Interest rate hikes typically push the US dollar up against other global currencies, rendering Brent and other commodities priced in dollars more expensive to some buyers.

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