

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas have declined heavily with Brent values, and bunker operations are expected to be suspended in Zona Comun from Friday onwards due to bad weather.

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

- **VLSFO prices down in Balboa (\$40/mt), Houston (\$31/mt), New York (\$22/mt) and Zona Comun (\$21/mt)**
- **LSMGO prices down in Houston (\$61/mt), Zona Comun (\$60/mt), New York and Balboa (\$34/mt)**
- **HSFO prices down in Balboa (\$33/mt)**

Houston's LSMGO price has made the steepest fall of \$61/mt in the past day. Two lower-priced 150-500 mt LSMGO stems have dragged the port's benchmark sharply lower. The port's VLSFO price has also dropped under pressure from a lower-priced stem.

LSMGO in New York continues to trade at a discount rate to other Americas ports. Demand has improved in the port in the past week and lead times of 4-5 days are recommended for LSMGO and VLSFO.

VLSFO availability is good in Brazil's Santos and Rio de Janeiro ports. One supplier is able to supply stems with a lead time of 3-4 days.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). Calm weather conditions are forecast to prevail until Monday next week. Most suppliers are able to deliver VLSFO and LSMGO stems with a lead time of 3-4 days.

Strong wind gusts of up to 30 knots are also forecast in Argentina's Zona Comun between 5-7 May, which might disrupt bunker deliveries.

Brent

The front-month ICE Brent contract has dropped by a steep \$5.78/bbl on the day, to \$72.89/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Oil market analysts are concerned that OPEC and its allies may reduce production further to stabilise prices if they fall steadily, if there is a severe recession in the US and if China's economic recovery fails to accelerate.

According to the International Energy Agency (IEA), 19 countries of the OPEC+ bloc failed to meet their March production targets by a total of 2.16 million b/d. Meanwhile, several major OPEC+ producers including Saudi Arabia and Russia have cut output by 3.66 million b/d from May through 2023. A further decline in oil production will dent global oil supplies.

Commercial US crude inventories were drawn by 3.93 million bbls in the week that ended 28 April, according to an American Petroleum Institute (API) estimate. Official weekly data from the Energy Information Administration (EIA) is scheduled for release later today.

Downward pressure:

Brent has slumped to its lowest level in five weeks amid fears of further interest rate hikes by the US Federal Reserve and the European Central Bank and a possible recession in the US will hurt global oil demand.

Data from the US Bureau of Labor Statistics showed that there were 9.6 million job openings in March, down from 9.9 million in February. This indicates that businesses are less confident about near-term growth prospects.

A decline in US job openings, coupled with a slowdown in Chinese manufacturing, has raised concerns about the state of the economies of the world's two largest oil consumers, says OANDA's Ed Moya. He warns that if macroeconomic conditions worsen further, Brent may drop below \$70/bbl.

Iran's oil production has exceeded 3 million b/d this month, according to Iranian oil minister Javad Owji. The IEA reported Iran's supply at 2.65 million b/d in March. With increased output, Iran will at least theoretically be able to push out more oil to global markets – although lingering sanctions will dent those prospects.

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