

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have come up with Brent, with the notable exception of Balboa's HSFO.

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

VLSFO prices up in Balboa and Zona Comun (\$13/mt), Houston (\$11/mt), New York (\$9/mt) and Los Angeles (\$3/mt)

LSMGO prices Zona Comun (\$36/mt), Los Angeles (\$24/mt), Balboa (\$19/mt), Houston (\$13/mt) and New York (\$9/mt)

HSFO prices up in Houston (\$5/mt), New York (\$3/mt), and down in Balboa (\$2/mt)

Los Angeles' LSMGO price has risen the most in the past day. One higher-priced 150-500 mt stem has propped up the benchmark. The port's VLSFO price has also come up with support from a higher-priced stem with prompt delivery.

Balboa's HSFO price has countered the general market direction by falling on the day. Several lower-priced indications for the grade have contributed to drag the port's benchmark lower.

Bunkering has been progressing normally in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions. However, strong wind gusts are forecast from tomorrow onwards, which could impact bunkering.

Securing prompt VLSFO and HSFO stems are possible in Panama's Balboa. One supplier is able to deliver stems with six days of lead time.

Bunker operations are running smoothly in Argentina's Zona Comun anchorage currently, but strong wind gusts of up to 34 knots are forecast today and tomorrow, which could lead to suspensions.

Brent

The front-month ICE Brent contract has come up by \$1.52/bbl higher on the day, to \$70.07/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

The oil market remains hopeful, despite a worrying global macroeconomic scenario, owing to solid underlying factors surrounding Brent.

“While sentiment is negative at the moment, the market is in oversold territory and our balance sheet still shows that the market will be in deficit over 2H23 [second half of 2023], which should drive prices higher,” says ING’s head of commodity strategy Warren Patterson.

OPEC+ will hold its next in-person meeting in June. Crude market experts anticipate that the producers' coalition will announce further output cuts if Brent's price drops further against a weak macroeconomic backdrop.

A spokesperson for the Iraqi regime, Basim al-Awadi, has informed Bloomberg News that the delay in resuming crude exports from Ceyhan is because of technical issues claimed by Turkey and the readiness of the pipeline, rather than a lack of agreement between Iraqi and Kurdish authorities.

Downward pressure:

Saudi Arabia has lowered the official selling price (OSP) for all grades of crude oil imported into Asia for June. According to a Bloomberg report, the kingdom has cut the OSP for its flagship Arab Light crude by \$0.25/bbl from June to \$2.55/bbl premium over Oman/Dubai quotes.

While the OSP cut is lower than the \$0.45/bbl reduction estimated by traders and refiners polled by Bloomberg, it indicates that the world’s biggest oil supplier expects demand to wane in the coming months.

In the US, White House economic advisors have issued an ominous warning that American debt payments may default, causing a recession akin to the 2008 "great recession."

The US, one of the world's biggest oil consumers, is already under pressure from the banking crisis and rising interest rates. A crippling recession is likely to further undermine demand and spell bad news for the Brent price, which is heavily influenced by global fundamentals.

“If equities continue to plunge here, oil might struggle finding support around the mid-\$60s,” says OANDA’s senior market analyst Ed Moya. “The outlook for the economy is getting uglier by the day and that is making it easier for energy traders to jump on the momentum selling that is hitting WTI [and Brent] crude.”

By Debarati Bhattacharjee and Konica Bhatt

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