

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

08/05/23

Most American bunker prices have increased with Brent, with the notable exception of New York's LSMGO price.

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

- **VLSFO prices up in Zona Comun (\$29/mt), Balboa (\$24/mt), Los Angeles (\$19/mt), New York (\$12/mt) and Houston (\$5/mt)**
- **LSMGO prices up in Zona Comun (\$40/mt), Balboa (\$29/mt), Los Angeles (\$27/mt) and Houston (\$5/mt), and down in New York (\$4/mt)**
- **HSFO prices up in New York (\$9/mt), Houston and Balboa (\$7/mt)**

New York's LSMGO ran counter to general market direction and has declined amid downward price pressure from lower-priced indications.

Meanwhile, Balboa's LSMGO price gained \$29/mt over the weekend. One 50-150 mt higher-priced LSMGO stem has contributed to keep the port's benchmark elevated. This has resulted in widening Balboa's LSMGO premium over New York's from \$22/mt, to \$55/mt premium now.

Securing VLSFO and LSMGO grades is getting tighter in the Houston area. However, one supplier is able to deliver stems with a lead time of 7-8 days.

Bunkering has been running smoothly in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions and suppliers are able to supply stems with 3-4 days of lead time. However, strong winds forecast between today and Friday could disrupt bunkering in GOLA again.

### **Brent**

The front-month ICE Brent contract has increased by \$2.68/bbl on the day from Friday, to \$76.75/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

Brent prices have rebounded as tightening supply has once again taken center-stage. According to market analysts, OPEC+ is likely to announce further output cuts at its June in-person meeting.

“The oil fundamentals for supply are still somewhat bearish, but expectations are for OPEC+ to take care of that at next month’s meeting on output,” says Ed Moya, senior market analyst at OANDA.

The producers' group is tracking market fundamentals around the crude sector very closely, says Phil Flynn, senior account executive at The Price Futures Group. “Sources that I have spoken with believe that OPEC is only a few dollars away from another surprise production cut if this market does not recover soon.”

Another round of supply cuts by OPEC+ would further tighten oil inventories in major producing countries.

**Downward pressure:**

The US Congress is at a standstill over raising the debt ceiling. US Treasury Secretary Janet Yellen has warned the ceiling could be breached as early as 1 June.

The White House's economic advisors have warned of a financial crisis akin to the "great recession" of 2008 if the US defaults on its debt payments.

China’s slower-than-expected economic recovery, after the lockdowns were lifted, remains a point of concern for traders. The uncertainty surrounding China's economy has made market nervous about the potential increase in demand that was earlier expected to drive Brent higher.

"We think that most [commodity] prices will continue to struggle over the next few months due to slowdowns in advanced economies," London-based Capital Economics said in a note to clients.

*By Debarati Bhattacharjee and Konica Bhatt*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association (“NFA”). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](http://freightinvestorservices.com)