

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Most bunker benchmarks in the Americas have gained with Brent in the past day, and bunker operations remain suspended in GOLA.

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

- **VLSFO prices up in New York (\$14/mt), Houston (\$11/mt) and Balboa (\$2/mt)**
- **LSMGO prices up in New York (\$30/mt), Houston (\$16/mt) and Balboa (\$7/mt)**

**HSFO prices up in Balboa (\$15/mt) and New York (\$14/mt), and down in Houston (\$14/mt)**

Houston's LSMGO price has risen in the past day. The grade has been offered firm at higher levels than where the port's benchmark stood yesterday.

However, New York's LSMGO price has gained by more than Houston, which has led its LSMGO premium over Houston to widen from \$8/mt to \$22/mt now.

Meanwhile, Los Angeles' Hi5 spread has remained below \$50/mt.

Bunker operations remain suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts. Bunkering is expected to resume intermittently with calmer weather and delivery prospect can change on a case-by-case basis.

Prompt availability of VLSFO and LSMGO is normal in Argentina's Zona Comun. Suppliers are able to accommodate stems within four days of lead time. However, bunker operations are likely to be disrupted at the anchorage from Friday evening due to strong wind gusts.

### **Brent**

The front-month ICE Brent contract has inched up by \$0.90/bbl, to \$77.45/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

Canadian supply disruptions are keeping the Brent price afloat. Several major oil and gas producers have halted operations in Alberta following a series of wildfires in the province. Reuters estimates the state has so far shut down 319,000 b/d of oil equivalent, or 3.7% of the nation's production.

The Russian Energy Ministry says its crude-production cuts have almost reached targeted levels in April, according to a Bloomberg report.

These reports have supported oil prices, says Ed Moya, senior market analyst at OANDA.

“Energy traders know that Saudi Arabia would do what is necessary to keep oil prices supported, the doubts are with Russia and some other countries like the UAE. If Russia is delivering on these production cut promises, it might be safe to expect they will deliver again if more cuts are needed,” Moya explains.

Meanwhile, in the US, “it appears as though” the “administration is still keen to refill the strategic petroleum refills later this year, once maintenance at storage sites is complete,” ING’s senior commodity strategist Warren Patterson says in a report. This is also supporting Brent prices, he adds.

Refilling US emergency reserves would result in a significant increase in the demand for crude oil.

Furthermore, OPEC and its allies have agreed to continue to cut production, which will reduce stockpiles in the market, thereby tightening supply. This can drive prices higher in the short-term.

**Downward pressure:**

The US Energy Information Administration (EIA) has dramatically reduced its Brent spot price forecast for 2023, by 7.5% from its April outlook. EIA now expects the benchmark to average at \$79/bbl this year compared to last month's projection of \$85/bbl.

The EIA anticipates “consistent global oil inventory builds” starting from the second quarter of 2024. This, it believes, will outpace global crude demand and put downward pressure on the Brent price.

Traders are also tracking the ongoing debt ceiling negotiations in the US. President Joe Biden has stated that “defaulting on the debt is off the table” and that his administration will do everything in its power to avoid a debt default.

In April, China's crude oil imports declined 16% on the month. This signals that its domestic demand remains weaker-than-expected, calling into question the economic recovery in the world's largest oil consuming nation.

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