ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have declined with Brent values, and New York's LSMGO price has dropped below Houston's again.

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

- **VLSFO prices unchanged in Houston and Los Angeles, and down in Zona Comun ($13/mt), Balboa ($10/mt) and New York ($9/mt)**
- **LSMGO prices up in Houston ($19/mt), and down in Balboa ($19/mt), Zona Comun ($9/mt), New York ($7/mt) and Los Angeles ($1/mt)**
- **HSFO prices up in Houston ($4/mt) and Los Angeles ($1/mt), and down in Balboa ($12/mt) and New York ($10/mt)**

Houston’s LSMGO has moved counter to the general market direction by gaining on the day. A 50-150 mt stem with prompt delivery has been fixed at a higher price than Houston's benchmark noted a day ago.

New York’s LSMGO price, meanwhile, has come down with Brent and flipped from a $12/mt premium over Houston yesterday, to a $14/mt discount now.

Bunker deliveries remain halted in the Galveston Offshore Lightering Area (GOLA) where weather conditions are rough. However, delivery prospect can change on a case-by-case and calmer weather is forecast from Sunday onwards, a source says.

Zona Comun’s VLSFO price has fallen the most in the past day. A lower-priced stem with prompt delivery has pulled the benchmark down.

Zona Comun has been suffering from a drought that has curbed crop production, which has slowed down exports, vessel traffic and bunker demand in the region. Some suppliers in Argentina are struggling with ample bunker fuel stocks, which has led to downward pressure on prices as they have been keen to sell their products.

Brent

The front-month ICE Brent contract has dropped by $2.08/bbl, to $75.37/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

The US Energy Information Administration (EIA) has maintained its global liquid fuel demand forecast for 2023. In its latest monthly report, the watchdog predicts consumption will still reach 100.9 million b/d this year and 102.7 million b/d in 2024, led by China and India.

The EIA reaffirming its 2023 and 2024 demand forecasts gives the markets some hope that China's oil demand can rebound this year, alongside optimism that India could bolster its crude imports.

Downward pressure:

Commercial US oil inventories have gained by 2.95 million barrels on the week, to 462.58 million barrels on 5 May, according to US EIA data.

The build in US crude inventories “comes amid an uncertain economic backdrop,” says ANZ commodity strategist Daniel Hynes. “While US inflation eased more than expected in April, there are fears the impact of recent rate hikes are only now surfacing in the US economy.”

Meanwhile, in China, peak refinery maintenance contributed to a 16% decline in oil imports in April, per a report by market intelligence provider JLC.

“The month-on-month slump was mainly because March imports rose to an unusually high level, amid delayed customs declarations of some cargoes from the first two months of the year,” JLC stated. It expects a modest increase in May's crude imports.

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