

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

15/05/23

Most bunker prices in the Americas have come down with Brent, and Los Angeles' Hi5 spread shrunk below \$20/mt.

Changes on the day from Friday, to 07.00 CDT (12.00 GMT) today:

- **VLSFO prices down in Los Angeles (\$13/mt), Balboa (\$5/mt), New York and Zona Comun (\$4/mt) and Houston (\$3/mt)**
- **LSMGO prices down in Zona Comun (\$14/mt), New York (\$12/mt), Houston (\$7/mt), Balboa (\$6/mt) and Los Angeles (\$5/mt)**
- **HSFO prices up in Balboa (\$5/mt), and down in New York (\$10/mt), Houston (\$6/mt) and Los Angeles (\$4/mt)**

Balboa's VLSFO price has declined the most over the weekend. One lower-priced 500-1,500 mt stem with prompt delivery has been fixed since Friday and contributed to drag the port's benchmark lower.

Balboa's HSFO price has run counter to general market direction and gained over the weekend. Balboa's Hi5 spread has narrowed to by \$10/mt to \$102/mt now.

Meanwhile, Los Angeles' Hi5 spread narrowed further, to just \$19/mt. HSFO prices in Los Angeles could be elevated as only one supplier has been supplying the fuel grade in the West Coast port in the past six months, according to lab fuel samples collected from the port.

Availability of HSFO is also very tight for prompt delivery dates as well as for days further out in Los Angeles.

Brent

The front-month ICE Brent contract has come down by \$0.69/bbl on the day from Friday, to \$74.62/bbl at 07.00 CDT (12.00 GMT) today.

Upward pressure:

Global oil demand projections remain positive despite macroeconomic concerns. Market watchers such as OPEC and the US Energy Information Administration believe that crude demand will be largely driven by China and India.

Oil supply is likely to tighten in the second half of this year, pushing prices higher, ING commodity strategist Warren Patterson has written in a note. "While the oil market has been well supplied so far in 2023, it is expected to tighten significantly over the second half of the year."

Meanwhile, the Iraqi government has informed Turkish authorities to resume exporting 450,000 b/d from Ceyhan Port. However, it is unlikely that Turkey will accept Baghdad's request and resume oil exports, according to Bloomberg's latest report citing Turkish official sources.

Downward pressure:

"The sell-off in the market has been unrelenting over recent weeks," ING's Patterson has stated, "with negative sentiment rising following concerns over the macro environment and what it could eventually mean for oil demand."

Weaker refinery margins have also raised doubts over the strength of oil demand, according to Patterson.

ING has made a downward revision to its Brent price forecast for this year, by \$5/bbl from \$101/bbl, to \$96/bbl, as Patterson expects "slightly weaker" global demand and "sticky Russian supply" to limit the price gains.

"Impressive resilience given all of the challenges thrown at the market as concerns about the debt ceiling, rates, banking stress, the long-term inflation outlook and China's deflationary funk have recessionary fears boiling over again as the laundry list of worries builds," SPI Asset Management managing partner Stephen Innes has stated.

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