

MARKET UPDATE AMERICAS

 ENGINE



ENGINE: Americas Bunker Fuel Market Update

18/05/23

Bunker prices have mostly risen in the Americas ports, and high winds could impact Zona Comun bunkering.

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

- **VLSFO prices up in Houston (\$14/mt), Zona Comun (\$12/mt), New York (\$9/mt) and Balboa (\$7/mt)**
- **LSMGO prices up in Zona Comun (\$35/mt), Houston (\$24/mt), Balboa (\$19/mt) and New York (\$3/mt), and down in Los Angeles (\$5/mt)**

HSFO prices up in Houston (\$7/mt), and down in Balboa (\$12/mt)

Most bunker benchmarks in the Americas have tracked rising front-month Brent futures. But Balboa's HSFO price has moved counter to the general market direction amid downward price pressure from a lower-priced stem fixed today.

The decline in Balboa's HSFO price has widened the port's Hi5 spread further, from \$123/mt yesterday to \$142/mt now. Its Hi5 spread is wider than Houston's \$116/mt.

Bunker demand in Houston has shown signs of slowing this week, sources say. Only four stems have been recorded by ENGINE since Monday, which is down from eight stems recorded between Monday and Thursday last week.

Prompt VLSFO and LSMGO availability is said to be tight with some suppliers in the Houston area, a source says. A lead time of 6-7 days is generally recommended to ensure full coverage from all suppliers in the area.

Strong winds and gusts of up to 30 knots are forecast in Argentina's Zona Comun anchorage today. Winds at the higher end of the range could pose problems to bunker deliveries by barges. VLSFO and LSMGO availability is tight in Zona Comun, with recommended lead times of up to 6-7 days.

Brent

The front-month ICE Brent contract has gained by \$1.69/bbl, to \$76.26/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

The International Energy Agency (IEA) has raised its global oil demand forecast for 2023 and now expects demand to exceed supply by almost 2 million b/d this year. This could lead to supply tightening in the second half of the year.

US President Joe Biden has hinted that Congress is likely to raise the federal government's \$31.4 trillion debt ceiling soon. "I'm confident that we'll get the agreement on the budget, that America will not default," Biden has said.

Positive commentary and optimism around both the US debt negotiations and a demand uptick have lifted Brent's spirits for now.

Downward pressure:

However, Biden has also clarified that ongoing "negotiation[s]" are "about the outlines of what the budget will look like, [but] not about whether or not we're going to, in fact, pay our debts".

It is likely that investors will become wary of the obscurity surrounding the US debt talks. In the long run, it is likely to limit crude's price gains and mount downward pressure on rates.

Commercial US crude inventories have seen a build of 5.04 million bbls in the week that ended on 12 May, according to official data by the Energy Information Administration (EIA). This is greater than the American Petroleum Institute (API) estimate of a build of 3.7 million bbls.

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