

# MARKET UPDATE AMERICAS

 ENGINE



## ENGINE: Americas Bunker Fuel Market Update

19/05/23

Most bunker benchmarks in the Americas have gained with Brent, and prompt supply is tight in Zona Comun.

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

**VLSFO prices up in Los Angeles (\$6/mt), Zona Comun (\$5/mt), New York (\$4/mt) and Balboa (\$3/mt), and down in Houston (\$8/mt)**

**LSMGO prices up in New York (\$9/mt), Zona Comun (\$5/mt) and Houston (\$3/mt), and down in Los Angeles (\$18/mt) and Balboa (\$3/mt)**

**HSFO prices up in Houston (\$9/mt) and Balboa (\$5/mt)**

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

Meanwhile, Los Angeles' Hi5 spread has widened from narrow levels of nearly \$20/mt on Monday, to \$74/mt now. HSFO availability is said to be tight in the port. One supplier can only supply stems for dates further out.

Bunkering has been running smoothly in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions. Calmer weather conditions are forecast to prevail through this weekend, which could allow suppliers to deliver stems as per schedules, a source says. VLSFO and LSMGO availability is said to be normal in GOLA.

Securing prompt VLSFO and LSMGO is tight in Zona Comun. A longer lead time of 6-7 days is generally recommended to ensure full coverage from all suppliers. However, strong wind gusts are forecast to hit Zona Comun from today, which could disrupt bunkering until Sunday.

# Brent

The front-month ICE Brent contract has gained by \$1.13/bbl, to \$77.39/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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