

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks have mostly declined in the Americas, and suppliers in Zona Comun struggle with slow bunker demand.

Changes on the day to 07.00 CST (13.00 GMT) today:

- **VLSFO prices down in Los Angeles (\$21/mt), Balboa (\$19/mt), New York (\$14/mt), Houston (\$12/mt) and Zona Comun (\$3/mt)**
- **LSMGO prices down in Los Angeles (\$32/mt), Balboa (\$26/mt), Zona Comun (\$24/mt), New York (\$18/mt) and Houston (\$14/mt)**
- **HSFO prices unchanged in Houston, and down in Los Angeles (\$20/mt), Balboa (\$17/mt) and New York (\$5/mt)**

Most benchmarks in key Americas ports have tracked declining front-month Brent futures. Los Angeles' LSMGO price has made a steep decline to nearly erase its premium over Houston, from \$24/mt yesterday to \$6/mt now.

The port's VLSFO premium over Houston's VLSFO has halved from \$18/mt to \$9/mt.

Meanwhile, Houston's HSFO price has held steady and resisted the pull from the general market direction. As a result, the port's Hi5 spread has narrowed from \$120/mt to \$108/mt now. This is narrower than Balboa's \$137/mt and New York's \$116/mt.

Prompt VLSFO and LSMGO availability can be tight in the Houston area. Two suppliers have held back prompt offers amid tight availability, a source says. In Bolivar Roads, one supplier can supply VLSFO and LSMGO stems from 4 May onwards.

Since February, suppliers at Argentina's Zona Comun anchorage have been pricing VLSFO at rare discounts or at parity with Houston's VLSFO. Argentina is a major grain exporter, but a recent drought has curbed crop production, which has had a knock-on impact on exports and bunker demand.

Some Argentinian suppliers are struggling with ample bunker stocks and this has added some downward price pressure as they have been keen to sell, a trader says. VLSFO and LSMGO availability is good in Zona Comun. The earliest delivery date with a supplier is about five days.

### Brent

The front-month ICE Brent contract has declined by \$1.76/bbl, to \$80/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

There have been growing concerns about oil supply shortages due to the ongoing Iraqi supply crunch, and the forthcoming OPEC+ and Russian production cuts. This comes amid an anticipated demand surge in China, where the upcoming five-day Golden Week holiday is expected to boost travel and fuel demand.

Two crude tankers, the Neverland and Amax Anthem, were waiting for almost a month to load Kurdish oil, and have now left the Turkish Ceyhan port without any cargo, Bloomberg's ship tracking and port agent reported. Three other tankers still await loading. This suggests the Kurdish supply of 450,000 b/d is unlikely to resume soon.

US crude inventories were drawn by 6.1 million bbls in the week that ended 21 April, according to an American Petroleum Institute (API) estimate. Official US Energy Information Administration's (EIA) weekly data is scheduled for release later today.

**Downward pressure:**

Brent has slipped over the past day amid concerns about a resurgence of the banking crisis and economic weakness in the US, one of the world's largest oil consumers.

There are fears that First Republic Bank may become the third American lender to collapse, after Silicon Valley Bank (SVB) and Signature Bank, following a \$100 billion decline in deposits in the first quarter.

Meanwhile, oil traders have "sniffed out" a freight recession in the US, a month after diesel rates began to drop, said SPI Asset Management's managing partner Stephen Innes. A freight recession occurs when shipping demand declines dramatically and results in a decrease in freight transportation.

Significantly lower domestic volumes reported by US freight operator UPS in the first quarter of 2023 confirmed these fears, sending crude prices "reeling overnight on the prospect of fewer trucks delivering goods across the country," Innes noted.

An average Singapore refinery's margin from a bbl of Dubai crude dropped to its lowest level in nearly six months, at \$2.53/bbl last Monday, according to Reuters. "A slump in oil refining margins is also weighing on sentiment," according to Daniel Hynes, commodity strategist at ANZ. "This could lead to lower processing rates at refineries, particularly in Asia."

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