

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

26/05/23

Most bunker prices in Americas have come down with Brent, with the notable exception of Los Angeles' VLSFO price.

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

- **VLSFO prices up in Los Angeles (\$1/mt), and down in Zona Comun (\$9/mt), New York (\$8/mt), Houston (\$4/mt) and Balboa (\$2/mt),**
- **LSMGO prices down in Zona COMun (\$27/mt), Los Angeles (\$9/mt), New York (\$7/mt), Balboa (\$6/mt) and Houston (\$3/mt)**
- **HSFO prices unchanged in New York, and down in Balboa (\$24/mt), Houston (\$5/mt) and Los Angeles (\$4/mt)**

Balboa's HSFO price has declined the most in the past day. One lower-priced 500-1500 mt stem with non-prompt delivery has contributed to drag the port's benchmark lower. This has narrowed Balboa's HSFO premium over Houston from yesterday's \$30/mt to 11/mt now.

Los Angeles' VLSFO benchmark has defied Brent's downward thrust by inching higher in the past day. The grade has been offered firm at higher levels than where the port's benchmark stood yesterday.

Houston has seen a rise in the number of stems fixed in the past week. Eight stems with both prompt and non-prompt delivery have been recorded by ENGINE, up from four stems recorded last week. Out of the eight stems, four stems have been fixed for LSMGO and four for VLSFO.

A spike in VLSFO and LSMGO demand has resulted in tightening product availability in Houston. Securing stems for prompt dates is difficult, with several suppliers able to supply for dates in the second week of June, a source says.

### **Brent**

The front-month ICE Brent contract has dropped by \$0.50/bbl on the day, to \$76.93/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

Russian Deputy Prime Minister Alexander Novak's comments have lent some support to Brent futures. Novak expects Brent to climb above \$80/bbl by the end of this year aided by a potential increase in oil demand in the summer, Russia's state-owned news agency TASS has reported.

Meanwhile, Novak has also backtracked on his comments refuting any production cuts in June, following investors' concerns that the Saudi-Russian dispute could break up OPEC+, says Ed Moya, senior market analyst at OANDA.

"Russia and OPEC+ will make a decision on what is best for oil market, adding that OPEC+ can make a decision at the June meeting, if necessary," says Moya quoting Novak.

On the other hand, US crude oil inventory weekly decline by 12.46 million bbls coupled with the decline in weekly US oil rig count has raised concerns about a supply shortage amidst expected oil demand growth in summer.

**Downward pressure:**

Concerns about a stronger US dollar and approaching deadline for the US debt ceiling have put downward pressure on Brent. A US debt default could cripple the US economy and have a negative impact on other global economies.

US lawmakers continued talks about extending the US debt ceiling as they struggle to find a middle ground. "Fitch Ratings has placed the country's AAA credit rating on watch, a sign of growing unease about the nation's ability to avoid a default," says ANZ commodity strategist Daniel Hynes.

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