

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

30/05/23

Most bunker prices in the Americas have come down further with Brent, and Los Angeles' VLSFO is trading at a rare discount to Houston.

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

- **VLSFO prices unchanged in Houston, and down in Los Angeles and Zona Comun (\$17/mt) and Balboa (\$6/mt)**
- **LSMGO prices up in Balboa (\$4/mt), and down in Zona Comun (\$9/mt) and Houston (\$7/mt)**
- **HSFO prices up in Balboa (\$12/mt), and down in Houston (\$28/mt)**

Los Angeles' VLSFO price has come down the most in the past day, while Houston's VLSFO price has kept unchanged. This has flipped Los Angeles' VLSFO price premium over Houston from a \$15/mt premium yesterday to a \$2/mt discount now.

Demand for VLSFO and LSMGO has been muted in Los Angeles for the past two weeks. Availability is better than normal in the port and suppliers are able to offer stems for prompt dates.

Balboa's LSMGO benchmark has defied Brent's downward pull by inching higher in the past day. The grade has been offered firm at higher levels than where the port's benchmark stood yesterday.

Bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). Calm weather conditions are forecast to prevail until next week. Most suppliers are able to deliver VLSFO and LSMGO stems with a lead time of 3-4 days.

Brent

The front-month ICE Brent contract has come down by \$0.92/bbl on the day, to \$75.34/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Conflicting statements from oil producers before the OPEC+ meeting on 4 June have created uncertainty regarding potential supply cuts.

"The voluntary production cuts in April caught the market off guard. This time, investors are extremely cautious before the final decision is announced," said analysts from Haitong Futures in a note.

Downward pressure:

Brent futures have come down after concerns about the tentative US debt ceiling pact created risk-on sentiment in the market.

Investors are also waiting for Chinese manufacturing and services data to be released this week to examine the chances of a fuel oil demand recovery in the world's largest oil-importing country.

"Chinese equities have been pretty disappointing, as is true of most cyclical exposures, notably oil," said SPI Asset Management's Stephen Innes.

On the other hand, OPEC will welcome Iran's complete return to the oil market after sanctions are lifted, said OPEC Secretary General Haitham Al Ghais said according to the Iranian Oil Ministry's website SHANA. Iran can bring on significant production volumes in short periods, added the Secretary General.

"We believe that Iran is a responsible player amongst its family members, the countries in the OPEC group. I'm sure there will be good work together, in synchronization, to ensure that the market will remain balanced as OPEC has continued to do over the past many years," SHANA's English-language website cited him saying.

By Debarati Bhattacharjee and Aparupa Mazumder

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com