ENGINE: Americas Bunker Fuel Market Update

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Most bunker benchmarks in the Americas have fallen with Brent in the past day, and Houston has seen a notable surge in stem fixtures this week.

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

- **VLSFO prices down in Houston and New York ($11/mt), balboa ($10/mt), Los Angeles ($9/mt) and Zona Comun ($7/mt)**
- **LSMGO prices down in Zona Comun ($25/mt), Houston ($19/mt), Balboa ($17/mt), New York ($13/mt) and Los Angeles ($12/mt)**
- **HSFO prices unchanged in New York, and down in Balboa ($15/mt), Houston ($9/mt) and Los Angeles ($8/mt)**

Zona Comun's LSMGO benchmark has shed the most in the past day. LSMGO has been indicated in a wide $100/mt range in the past day, with indications at the lower end of that range weighing down the benchmark.

Houston has seen a spike in stems fixed throughout this week. Between Monday and so far today, about twelve stems were recorded by ENGINE, significantly higher than the two stems fixed over the same period last week.

New York's HSFO price remained unaffected by Brent's downward pull in the past day, while the benchmark has come down in Houston, Los Angeles and Balboa. This has erased New York's HSFO discounts to Los Angeles and Balboa.

Bunker operations have resumed in the Galveston Offshore Lightering Area (GOLA) today with calm weather conditions. However, there is a high risk of fog and reduced visibility is forecast for later today and until Sunday, which could see the channel open and close intermittently.

Brent

The front-month ICE Brent contract has dipped by $1.10/bbl on the day, to $73.97/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent has found some support after OPEC's de facto leader Saudi Arabia announced a voluntary production cut of 1 million b/d from July, bringing its production to 9 million b/d - the biggest cut in years. The bigger OPEC+ group pledged to reduce its combined crude oil output from 2024.

The core OPEC group expects global oil demand growth of 2.35 million b/d this year. The International Energy Agency (IEA) forecasts a similar 2.4 million b/d of growth this year, to 102.3 million b/d, and cited a better-than-expected Chinese demand recovery.

"The last few days have shown how fragile sentiment is in the oil market," said Giovanni Staunovo, strategist at UBS. "Prices are being driven more by supply news and demand growth concerns," he added.

Downward pressure:

Brent futures reversed yesterday's gains after the US Federal Reserve said it expects more rate hikes this year. The central bank, however, kept its interest rates unchanged for this month.

Additionally, weak Chinese export data has weighed on crude oil prices, commented Priyanka Sachdeva, market analyst at Philip Nova.

"China's post-COVID recovery has been bumpy and the mellowed first quarter economic standing has completely swept away any forecast of China's revival pushing the global demand for oil to record highs," she added.

Moreover, Brent futures felt more downward pressure after Goldman Sachs analysts cut its oil price and demand estimates, citing an influx of supply and a fall in demand.

"Higher oil production from the US, Iran and Venezuela have amplified concerns around excess oil supply," said UBS' strategist Giovanni Staunovo.

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