ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas have moved in mixed directions, and Balboa's Hi5 spread has widened above the $100/mt mark.

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

- **VLSFO prices up in Balboa ($7/mt), Houston ($4/mt), New York and Los Angeles ($1/mt)**
- **LSMGO prices up in New York ($5/mt), and down in Houston ($3/mt), Balboa ($2/mt) and Los Angeles ($1/mt)**
- **HSFO prices up in New York ($4/mt) and Houston ($2/mt), and down in Balboa ($2/mt)**

Trading activity has been more muted today while the US observes the Independence Day holiday.

Balboa's VLSFO price has resisted Brent's downward pull and gained the most with support from higher-priced indications in the past day.

Balboa's HSFO price has inched lower by $2/mt, to widen its Hi5 spread above the $100/mt mark again. At $104/mt, Balboa's Hi5 spread is wider than spreads of $86/mt in Houston and $77/mt in New York.

VLSFO and LSMGO availability is said to be normal in both Balboa and Cristobal. One supplier can supply the grade with lead times of five days in Balboa. Another two suppliers can supply the grade for very prompt dates (0-2 days) in both locations. Meanwhile, one supplier has held back prompt offers for VLSFO and LSMGO due to a lack of product availability.

Strong wind gusts ranging between 14-28 knots are forecast at Argentina's Zona Comun anchorage today. Winds at the higher end of the range can pose problems to bunker deliveries by barge there.

Brent

The front-month ICE Brent contract has inched $0.16/bbl lower on the day, to $75.89/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent drew some upward support after voluntary supply cuts pledged by OPEC+ oil-producing countries, including Saudi Arabia and Russia, came into force this month.

Saudi Arabia also announced that it would extend its voluntary output cut of 1 million b/d to August, along with Russia and Algeria, who are to reduce oil output and export levels for August by an additional 500,000 b/d and 20,000 b/d, respectively.

OPEC's de facto leader Saudi Arabia's announcement signifies an extension of the previously announced output reduction pledge. However, Russia's announcement suggests a new reduction in exports.

"As part of the effort to ensure the oil market remains balanced, in August, Russia will voluntarily reduce its oil supply by 500,000 barrels per day, by cutting its exports to global markets by that amount," Russian deputy prime minister Alexander Novak said in a statement yesterday.

Downward pressure:

Fears of further interest rate hikes by major central banks have kept a lid on Brent prices in recent days.

"Despite the announcements of two fresh rounds of cuts from OPEC+/Saudi Arabia, crude prices have largely remained below $80/bbl as the market has been driven less by fundamentals and more by macroeconomic concerns," analysts at HSBC said in a note.

The crude demand outlook has too much "doom and gloom" priced in as the US and China outlooks should remain upbeat, OANDA's market analyst Ed Moya said.

"China might be buying cheaper discounted Russian crude, but soon they will require more and those purchases could broaden as they slowly deliver more economic stimulus," he said.

By Nithin Chandran and Aparupa Mazumder