ENGINE: Americas Bunker Fuel Market Update

24/07/23

Americas bunker prices have mostly gained with Brent, and Zona Comun could face weather disruptions again.

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

- **VLSFO prices up in Houston ($16/mt), Zona Comun ($10/mt), New York and Los Angeles ($9/mt) and Balboa ($3/mt)**
- **LSMGO prices up in New York, Los Angeles and Zona Comun ($14/mt) and Balboa ($7/mt), and down in Houston ($12/mt)**
- **HSFO prices up in Houston ($10/mt), New York ($9/mt), Balboa ($8/mt) and Los Angeles ($7/mt)**

Houston's LSMGO has countered the general market direction by falling over the weekend. A lower-priced 500-1500 mt stem for prompt delivery has contributed to drag the port's benchmark lower. Los Angeles' LSMGO price, on the other hand, has gained heavily with Brent.

The diverging price moves have widened Los Angeles' LSMGO premium over Houston to $95/mt, from $69/mt on Friday.

Availability of VLSFO and LSMGO is good in Beaumont for very prompt dates. One supplier is able to deliver the stems immediately there.

VLSFO and LSMGO availability has tightened in Brazil's Rio de Janeiro. One supplier can deliver VLSFO and LSMGO stems only after 3 August.

Currently, bunkering is running smoothly in Argentina's Zona Comun anchorage. But wind gusts of up to 30 knots are forecast to hit the region later today, which could disrupt bunkering at Zona Comun again. Weather conditions are forecast to remain bad until Wednesday, possibly leading to further disruptions.

Brent

The front-month ICE Brent contract has increased by $1.21/bbl on the day from Friday, to $81.84/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures continued to gain upward momentum amid hopes for a Chinese stimulus after the country's highest economic planner pledged to roll out policies to stabilise growth in ten sectors.

Additionally, OPEC+ supply cuts announced in June have kept the oil market tight, helping Brent break the $80/bbl mark last week. "Oil prices are rising on optimism that the outlooks for China and India should keep the global crude demand outlook intact, while OPEC+ will make sure the market remains tight," said OANDA's market analyst Ed Moya.

Moreover, the International Energy Agency's (IEA) executive director Fatih Birol said on Saturday that oil markets are expected to tighten in the second half of this year. He further stated that the IEA's global oil demand growth projection would depend on China's economic growth in 2023.

Global oil demand is "very much dependent on the growth of many countries in the second half, but mainly Chinese growth prospects," Birol said at a meeting of Group of 20 energy ministers in India, Reuters reports.

Downward pressure:

Concerns about more hikes in interest rates to tame inflationary pressure has put some downward pressure on Brent.

The oil market is awaiting fresh cues on interest rate hikes this week from the US Federal Reserve (Fed) chairman Jerome Powell and the European Central Bank (ECB) president Christine Lagarde.

Rise in interest rates often hamper demand-side dynamics as dollar-denominated goods become costlier for holders of non-dollar currencies.

Separately, the UAE Energy Minister Suhail al-Mazrouei told Reuters that the actions by OPEC+ to support supply-demand dynamics in the oil market are "sufficient for now".

"Another bearish piece of news worth considering is the UAE's view that the existing OPEC+ cuts are adequate to balance the market," said Mukesh Sahdev, head of downstream and oil trading at Rystad Energy.

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