

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas have moved in mixed directions, and Houston's Hi5 spread has narrowed further.

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

- **VLSFO prices up in Los Angeles (\$6/mt) and Balboa (\$5/mt), and down in Houston (\$14/mt) and Zona Comun (\$4/mt)**
- **LSMGO prices up in Houston (\$9/mt) and Balboa (\$6/mt), and down in New York (\$7/mt)**
- **HSFO prices up in Balboa (\$5/mt) and Houston (\$4/mt)**

Houston's VLSFO price has dropped by the most among Americas ports in the past day. One 500-1,500 mt stem has been fixed at a lower price than were Houston's benchmark stood yesterday.

VLSFO prices in Los Angeles and Balboa have gone up with Brent. This has widened Houston's VLSFO discounts to Los Angeles and Balboa from \$18/mt and \$1/mt yesterday, to \$38/mt and \$10/mt, respectively.

Houston's HSFO price has gained marginally since yesterday, to narrow its Hi5 spread to \$64/mt, down from \$82/mt yesterday.

Availability of LSMGO is getting tighter in Balboa. A supplier is unable to offer stems within 7-9 days.

VLSFO availability remains tight in Argentina's Zona Comun. Two suppliers require 9-10 days of lead time to deliver stems. LSMGO is more readily available, with shorter lead times of 5-8 days with some suppliers. Strong wind gusts are forecast tomorrow, which could impact bunkering.

## **Brent**

The front-month ICE Brent contract has gained \$0.68/bbl on the day, to \$82.52/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Crude oil supply cuts from the Organization of Petroleum Exporting Countries (OPEC), led by Saudi Arabia and its allies including Russia have supported Brent's upward thrust.

"Crude prices are tentatively breaking out as expectations remain for the oil market to remain tight despite all global weakness that is emerging," said Ed Moya, OANDA's market analyst.

The oil market has also taken support from the Chinese Communist Party Politburo meeting, where the Chinese government decided to provide further support to ten sectors, ING's head of commodities research Warren Patterson said.

"China is key for global oil demand growth this year and the market has been getting increasingly concerned over the weaker-than-expected economic recovery, so any support measures will be helpful in easing some of these concerns," Patterson added in a note.

### **Downward pressure:**

Weak economic activity around the world has made the oil market wary about global crude oil demand growth in 2023, putting some downward pressure on Brent.

Economic growth in Europe and the US is "looking very weak" right now, commented Moya. "China's Politburo isn't expected to unveil major stimulus this week," he added.

Oil traders are now looking for fresh cues on interest rate hikes from the US Federal Reserve (Fed) and the European Central Bank (ECB).

"The market's instability is further fueled by the ongoing tug-of-war between fears of demand control by Western economies and the supply-control strategies employed by OPEC, which impacts the oil market's delicate balance," said Rystad Energy's analyst Mukesh Sahdev.

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