

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

04/08/23

Bunker benchmarks have moved up across Americas ports, and bad weather could disrupt Zona Comun bunkering next week.

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

- **VLSFO prices up in New York (\$45/mt), Balboa (\$26/mt), Houston (\$21/mt), Los Angeles and Zona Comun (\$16/mt)**
- **LSMGO prices up in Zona COmun (\$40/mt), New York (\$37/mt), Balboa (\$30/mt), Los Angeles (\$18/mt) and Houston (\$10/mt)**
- **HSFO prices up in Balboa (\$46/mt), New York (\$29/mt), Los Angeles (\$20/mt) and Houston (\$16/mt)**

Los Angeles' VLSFO price has made a smaller gain in the past day compared to New York's price. This has flipped Los Angeles' VLSFO price from a premium of \$14/mt over New York, to a discount of \$15/mt.

Houston has seen a jump in stems fixed so far this week, after the previous week's muted demand. 12 stems have been recorded by ENGINE since Monday. Out of the 12 stems, six stems have been for VLSFO, five for LSMGO and one for HSFO.

LSMGO and VLSFO availability is normal in Houston, with most suppliers able to deliver stems with a lead time of 3-5 days.

Balboa's HSFO price gain has outpaced that of its VLSFO. This has narrowed the port's hi5 spread to \$87/mt, from \$107/mt yesterday. Balboa's Hi5 spread is still wider than the spreads in Los Angeles and Houston (\$73/mt).

Currently, bunkering is running normally in Argentina's Zona Comun anchorage. But wind gusts of up to 31 knots are forecast to hit the region from Monday onwards, which could disrupt operations.

Brent

The front-month ICE Brent contract has gained \$1.07/bbl on the day, to \$85.50/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures gained after the world's two major crude oil producers, Saudi Arabia and Russia, announced further supply cuts into September, according to their state media agencies.

Saudi Arabia will be extending its voluntary output cut of 1 million b/d into September, its state media agency Saudi Press Agency (SPA) said on Thursday, citing an official source from the kingdom's Ministry of Energy. Saudi Arabia's production in September will be about 9 million b/d, SPA reported, citing the official source.

Additionally, Russian Deputy Prime Minister Alexander Novak said that Russia will continue output cuts for another month, including September as well. Russia's state media agency TASS reported that the country will reduce oil output by 300,000 b/d in September to "balance the market".

"The amount by which Russia reduces its oil production as promised will significantly impact the size of deficits in the upcoming months and where prices will settle," said SPI Asset Management's market analyst Stephen Innes.

The market is now waiting for minutes from the oil-producer countries' joint ministerial monitoring committee meeting scheduled later today.

Downward pressure:

Brent felt some downward pressure this week after the ratings agency Fitch downgraded the main US credit rating to 'AA+' from 'AAA'. Fitch said that the downgrade was due to the US government's "repeated debt limit and political standoffs".

Anticipation of further interest rate hikes by the US Federal Reserve (Fed) also added to the downward pressure on Brent. Higher interest rates can lead to sluggish economic growth and affect US and global oil demand.

"A strong dollar has weighed on crude prices and everyone wants to know if a hot labor market will force the Fed to tighten policy even further," said Ed Moya, OANDA's market analyst.

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