ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, and Hurricane Lee is posing a threat to vessels in the Caribbean.

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

- **VLSFO prices up in Zona Comun ($7/mt), New York and Los Angeles ($6/mt) and Houston ($4/mt), and down in Balboa ($1/mt)**
- **LSMGO prices up in Los Angeles ($12/mt), New York and Zona Comun ($10/mt), and down in Houston ($36/mt) and Balboa ($6/mt)**
- **HSFO prices up in Houston, New York, Balboa and Los Angeles ($6/mt)**

Houston's LSMGO price has countered Brent's upward movement and has fallen steeply in the past day. A lower-priced LSMGO stem with prompt delivery has lowered the port's benchmark. Meanwhile, Los Angeles' LSMGO price has gained the most in the past day, widening its LSMGO price premium over Houston from $218/mt yesterday, to $266/mt now.

Los Angeles' LSMGO price is currently trading at a premium of more than $200/mt over most Americas ports. Its premiums over New York and Balboa stand at $215/mt and $203/mt, respectively.

Despite a runaway LSMGO price in Los Angeles, demand has been better than normal. Prompt deliveries are tight in the port and most suppliers are only able to offer stems with at least seven days of lead time.

Tropical Storm Lee has strengthened into a hurricane today and is forecast to become an "extremely dangerous major hurricane" by Friday, the National Hurricane Center (NHC) says.

Hurricane Lee is expected to approach the northern Leeward Islands and Puerto Rico over the weekend. These islands are located at the intersection of the Caribbean Sea and the western Atlantic Ocean. The hurricane center has warned of large ocean swells that are expected to reach the Lesser Antilles by Friday and the US and British Virgin Islands, Puerto Rico, the Bahamas, Bermuda and Hispaniola by the weekend.

Brent

The front-month ICE Brent contract has gained $0.71/bbl on the day, to trade at $90.40/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures extended gains, after the top two exporters from the Organization of the Petroleum Exporting Countries and its allies' group (OPEC+) announced the extension of voluntary oil supply cuts through the end of this year.

Earlier this week, Saudi Arabia and Russia decided to extend output cuts till December to stabilize the oil market.

“This decision [extension of voluntary cuts] reflects a strategic approach by OPEC+, which is in no hurry to ramp up production, considering that commercial stocks and time spreads remain moderately below or above their historical averages,” said SPI Asset Management’s managing partner Stephen Innes.

Brent futures drew additional support after the American Petroleum Institute (API) reported a 5.52 million bbls-draw in US crude oil inventories in the week that ended 1 September.

The broadly followed US government data on crude oil stockpiles from the US Energy Information Administration (EIA) is due later today.

Downward pressure:

Downward pressures acting on Brent futures this week trail back to the persistent fear about bleak economic recovery in China. Demand growth in the world’s second-largest economy has been under serious pressure due to recurring COVID-19 outbreaks in the country.

“Oil prices are pulling back on concerns allegedly that China’s economy is tanking,” said Price Futures Group’s senior market analyst Phil Flynn.

Even with China’s pledge to revamp consumption in ten different economic sectors, market analysts fear that Brent’s gains will be capped if the country fails to combat the current economic downturn.

By Debarati Bhattacharjee and Aparupa Mazumder