

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have taken mixed directions, and bunkering has been suspended in Zona Comun amid bad weather.

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

- **VLSFO prices up in Zona Comun (\$39/mt), unchanged in New York, and down in Houston (\$2/mt), Balboa and Los Angeles (\$1/mt)**
- **LSMGO prices up in Balboa (\$25/mt), Zona Comun (\$4/mt) and Houston (\$3/mt), and down in New York (\$5/mt) and Los Angeles (\$3/mt)**
- **HSFO prices up in Balboa (\$10/mt), Los Angeles (\$2/mt), New York and Houston (\$1/mt)**

Zona Comun's VLSFO price has gained the most over the weekend. Meanwhile, VLSFO prices in Balboa, Houston and Los Angeles have come down marginally. The price changes have flipped Zona Comun's VLSFO discounts of \$7/mt, \$3/mt and \$9/mt to Balboa, Houston and Los Angeles on Friday, to premiums of \$33/mt, \$38/mt and \$31/mt.

Balboa's LSMGO price has jumped the most over the weekend, with support from a firm offer at a higher level. Zona Comun's LSMGO price has made a smaller gain than Balboa's, to narrow its LSMGO price premium over Balboa from \$97/mt on Friday, to \$76/mt now.

Bunker operations have been suspended in Zona Comun today due to rough weather conditions. The area is currently experiencing strong gale-force wind gusts of up to 33 knots. Calmer weather is forecast between tomorrow evening and Thursday, which could enable bunker operations to resume in Zona Comun before conditions deteriorate again.

Due to persistent weather-induced disruptions, availability for both VLSFO and LSMGO is tight in Zona Comun, requiring lead times of more than seven days.

## **Brent**

The front-month ICE Brent contract has dropped \$0.18/bbl on the day from Friday, to trade at \$90.57/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Supply cut extensions announced by Saudi Arabia and Russia continued to support oil prices. Earlier this month, both countries pledged to extend voluntary supply cuts till the end of 2023.

“OPEC+ is leveraging its robust pricing power, stemming from its substantial market share through its alliance with Russia,” said SPI Asset Management’s managing partner Stephen Innes.

Oil investors will now wait for fresh cues from demand growth projections by the International Energy Agency (IEA) and OPEC due later this week.

Moreover, concerns about halt in oil supply from Libya provided additional support to Brent futures. The country was hit by Hurricane Daniel over the weekend. Operations at four major oil ports in Libya, including Ras Lanuf, Zueitina, Brega and Es Sidra have been closed since Saturday evening, Reuters reported.

### **Downward pressure:**

Downward pressures acting on Brent this week include growing strength in the US dollar against other currencies amid fear of another interest rate hike by the US Federal Reserve.

A higher interest rate makes the US dollar stronger, which in turn could drive down demand for dollar-denominated commodities like oil.

“The continued strength in the USD [US dollar] will likely provide some headwinds, not just to oil, but to the broader commodities complex,” said ING’s head of commodities strategy Warren Patterson.

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