

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

20/09/23

Bunker prices in Americas ports have mostly dropped with Brent, and bunkering remains suspended in Zona Comun amid bad weather.

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

- **VLSFO prices up in Balboa (\$3/mt), and down in Houston (\$22/mt), New York and Zona Comun (\$18/mt)**
- **LSMGO prices down in Balboa (\$29/mt), New York (\$27/mt), Zona Comun (\$22/mt) and Houston (\$17/mt)**
- **HSFO prices up in Houston (\$10/mt)**

Balboa's VLSFO benchmark has defied Brent's downward movement and gained in the past day. Meanwhile, VLSFO prices in Houston and New York have dropped. This has flipped Balboa's VLSFO discounts of \$22/mt and \$16/mt to New York and Houston, to premiums of \$3/mt and \$5/mt, respectively.

Demand for VLSFO stems has picked up in Balboa this week, but most of the enquiries are for dates further out. Several suppliers are able to offer stems on the dates enquired about.

Balboa's LSMGO price has dropped more than its equivalent in Houston. These price changes have narrowed Balboa's LSMGO price premium over Houston from \$51/mt yesterday, to \$39/mt now.

Bunker operation remains suspended in Zona Comun, as strong wind gusts of up to 30 knots are making deliveries difficult. A window of calm weather is forecast tomorrow and could allow bunker operations to resume at the anchorage. Conditions are expected to deteriorate again on Friday morning.

## **Brent**

The front-month ICE Brent contract has dropped \$2.07/bbl on the day, to trade at \$93.45/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent futures gained some support after the American Petroleum Institute (API) reported a bigger-than-expected decline in the US commercial crude inventories in the week that ended 15 September.

US crude stocks fell by 5.25 million bbls, while analysts expected a fall of 2.67 million bbls, Trading Economics reported, citing API data.

This week's data "marked the fifth week of declines in the US Crude Oil Inventories in the last six weeks," said Trading Economics.

Moreover, the Russian government is planning to impose an export duty of \$250/mt on all oil products starting 1 October 2023 until 1 June 2024 as a measure to combat a fuel supply shortage in the country, Reuters reported citing sources. This move by Russia could push Brent futures higher from current levels in the fourth quarter of 2023.

### **Downward pressure:**

Brent futures lost the previous day's gains as oil investors focused on the outcomes of the ongoing US Federal Reserve's (Fed) Federal Open Market Committee (FOMC) meeting.

Oil investors are awaiting a decision from the Fed on interest rates, which could have a direct effect on global oil demand.

"The oil rally is taking a little break as every trader awaits a pivotal Fed decision that might tilt the scales of whether the US economy has a soft or hard landing," said OANDA's senior market analyst Ed Moya.

Another cycle of rate hikes in the US would make dollar-denominated commodities like oil costlier for non-dollar holders. Higher interest rates discourage borrowing and spending, which typically leads to a decline in economic activity and fuel demand.

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