

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

22/09/23

Americas bunker prices have mostly increased with Brent, and bunkering in Zona Comun has been suspended again amid bad weather.

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

- **VLSFO prices up in Zona Comun (\$8/mt), New York (\$7/mt), Balboa (\$5/mt) and Houston (\$3/mt), and down in Los Angeles (\$4/mt)**
- **LSMGO prices up in New York (\$61/mt), Balboa (\$58/mt), Los Angeles (\$46/mt) and Zona Comun (\$7/mt), and down in Houston (\$1/mt)**
- **HSFO prices up in Houston (\$10/mt), Los Angeles and Balboa (\$5/mt), and New York (\$6/mt)**

Balboa's LSMGO price has jumped heavily in the past day, while Zona Comun's LSMGO has had a smaller gain. This has flipped Zona Comun's \$41/mt LSMGO premium over Balboa, to a \$10/mt rare discount now. Balboa's LSMGO price is trading at its highest level since January.

Similarly, New York's LSMGO price has also gained heavily in the past day, to narrow its discount to Zona Comun from \$64/mt yesterday, to just \$10/mt now.

Bunker operations have been suspended again at Argentina's Zona Comun anchorage this morning due to strong wind gusts. Rough weather conditions are forecast to persist throughout next week, which could cause prolonged delays and disruptions, a source says.

Availability of VLSFO and LSMGO has become extremely limited at Zona Comun after bouts of weather disruptions since last week.

## **Brent**

The front-month ICE Brent contract has gained \$0.47/bbl on the day, to trade at \$94.33/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent futures gained upward thrust as concerns about tight global supply exacerbated after Russia announced a temporary ban on its gasoil and diesel exports.

The Russian government on Thursday implemented temporary restrictions on exports of gasoil and diesel to stabilise the supply in the domestic market, reported Russian state media agency TASS.

“The heating oil crack spread is rallying on reports that Russia is going to temporarily limit fuel and diesel,” said Price Futures Group’s senior market analyst Phil Flynn.

“With diesel supplies tight and with Saudi Arabia and Russia using their energy dominance to respond to consuming nations using their reserves to try to control prices, it is now starting to take its toll as global oil inventories tighten,” Flynn added.

### **Downward pressure:**

The US Federal Reserve (Fed) decided to pause its rate hike cycle for September, at its latest Federal Open Market Committee (FOMC) meeting. However, oil analysts have deemed the outcomes of the meeting ‘hawkish’ as the Fed might start increasing interest rates later this year.

“The Fed can’t produce oil but can try to slow the economy to reduce the growing supply versus demand deficit,” Flynn said.

Higher interest rates typically increase the buying cost for non-dollar holders while purchasing dollar-denominated commodities like oil.

“Higher for longer was the key message from yesterday’s [Wednesday’s] FOMC meeting, which has weighed on risk assets, including oil,” commented analysts from ING.

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