

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

27/09/23

Higher-priced stems have been fixed in a tight Zona Comun market, and Balboa's VLSFO price has dipped below Houston's once again.

Changes on the day to 07.00 CST (13.00 GMT) today:

- **VLSFO prices up in Zona Comun (\$17/mt), Houston (\$9/mt), Balboa (\$4/mt) and Los Angeles (\$3/mt)**
- **LSMGO prices up in Zona Comun (\$13/mt), and down in New York (\$21/mt) and Houston (\$6/mt)**
- **HSFO prices up in Houston (\$20/mt) and Balboa (\$9/mt)**

Zona Comun's VLSFO and LSMGO benchmarks have gained with support from non-prompt stems fixed in the past day. Availability continues to be tight for prompt delivery dates at the anchorage. Several suppliers' earliest delivery dates are more than a week out.

VLSFO is still priced \$15/mt lower in Zona Comun than in Rio de Janeiro, and almost \$30/mt lower than in Rio Grande, Salvador and Itaqui.

The grade is much more readily available in Rio de Janeiro, Salvador and Itaqui than in Zona Comun. Lead times are as short as 0-1 days in these ports. Supply has tightened in Rio Grande, on the other hand, and a supplier's earliest delivery date there is over a week, as in Zona Comun.

Balboa's VLSFO price has dropped to a discount to Houston's again, after being at a premium for the past week. Houston has historically offered the lowest prices of the two ports, but they have alternated between being the cheapest in the past month.

## **Brent**

The front-month ICE Brent contract bounced back up by \$2.77/bbl on the day, to \$92.62/bbl at 07.00 CST (13.00 GMT).

### **Upward pressure:**

Brent has reversed losses from earlier this week as production cuts by the top OPEC+ producers Saudi Arabia and Russia have come back to the centre of attention.

“The global undersupply of oil should show up again in this week’s inventory data,” said Price Futures Group’s senior market analyst Phil Flynn.

OPEC+ supply cuts have contributed to limit global supply of medium-sour and heavy-sour crude oils and increased their prices globally, the US Energy Information Agency (EIA) recently said in a report.

Additionally, tension around China’s deteriorating economy have eased some after the People’s Bank of China (PBoC) vowed to support the country’s economy at the third-quarter Monetary Policy Committee (MPC) meeting held earlier this week.

This news has helped oil traders gain confidence in China's demand growth projections and put upward pressure on Brent futures. “Regardless of what you hear about the Chinese economy, their [China’s] oil demand and their refinery runs are still near record highs,” Flynn added.

### **Downward pressure:**

Commercial US crude inventories rose by 1.59 million bbls in the week ending 22 September, according to an estimate by the American Petroleum Institute (API), cited by Trading Economics.

This week’s data “marked the second gain in US crude oil inventories in the last seven weeks,” reported Trading Economics. Oil market analysts expected a fall of 1.65 million bbls.

Meanwhile, Russian recently announced ban on gasoline and diesel exports has been moderated by Moscow. The country has now exempted higher-sulphur gasoil and bunker fuel sales from the ban, according to a government document released on Monday.

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