

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

29/09/23

New York's Hi5 spread has narrowed below \$100/mt, and VLSFO availability is tight in Zona Comun.

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

- **VLSFO prices down in Zona Comun (\$9/mt), Houston, Los Angeles and Houston (\$6/mt), and New York (\$2/mt)**
- **LSMGO prices up in New York (\$24), and down in Balboa (\$40/mt), Houston (\$11/mt) and Los Angeles (\$3/mt)**
- **HSFO prices up in New York (\$20/mt) and Houston (\$3/mt), and down in Los Angeles (\$9/mt) and Balboa (\$4/mt)**

New York's HSFO price has shot up the most in the past day. The high-sulphur is a bit tighter than other grades because fewer suppliers are offering the grade in the port, a source says. One higher-priced indication of \$605/mt has added more upward pressure.

Unlike its HSFO, New York's VLSFO price has edged slightly lower on the day. The diverging price moves have narrowed its Hi5 spread from \$112/mt yesterday, to \$90/mt.

VLSFO and LSMGO are more readily available in Panama's Balboa and Cristobal. At least three suppliers have good availability on both sides of the Panama Canal, a source says. Lead times of up to seven days are generally recommended.

Balboa's HSFO price has dropped to a discount to Houston again, after being at parity with or higher than Houston's price since the beginning of this week.

VLSFO availability is tight in Zona Comun. One supplier requires at least nine days of lead time. Zona Comun's VLSFO premium over Santos has widened to \$33/mt today, up from a marginal premium of \$5/mt at the beginning of the month.

## **Brent**

The front-month ICE Brent contract has edged \$0.16/bbl lower on the day, to \$95.81/bbl at 07.00 CST (13.00 GMT).

### **Upward pressure:**

Tight crude oil supply in the global market amid output reductions and export cuts by the top OPEC+ producers Saudi Arabia and Russia have pushed Brent futures higher this week.

Russia's energy minister Nikolai Shulginov said on Thursday that the country will not lift its ban on fuel exports until the domestic fuel supply and prices stabilise, Reuters reported citing TASS.

Even though the Russian government made some amendments to its temporary export ban last week by lifting restrictions on bunker fuel sales, Shulginov reaffirmed that "expectations of a quick lifting of the fuel export ban are futile," TASS reported

Oil traders are now waiting for fresh cues from the OPEC+ producers' joint ministerial meeting scheduled on 4 October. The member countries are expected to discuss further supply reduction plans in the meeting.

### **Downward pressure:**

Meanwhile, Brent's recent upward rally has triggered concerns about more inflationary pressures, which could prompt the US Federal Reserve (Fed) and other central banks to hike interest rates later this year.

"Lingering in the back of traders' minds are concerns that higher oil prices will help keep inflation elevated and lead to additional interest-rate hikes later this year," said SPI Asset Management's managing partner Stephen Innes.

Moreover, Brent futures shed yesterday's gains as the oil market is in "overbought territory", commented analysts at ING.

"Brent struggled to hold onto gains made in the early part of the trading session. There is likely reluctance amongst participants to push too much higher right now with the market clearly in overbought territory," they added.

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