

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

05/10/23

Bunker prices in the Americas have declined further with Brent values, and bad weather could trigger bunker suspensions in GOLLA.

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

- **VLSFO prices down in Zona Comun (\$29/mt), Balboa (\$28/mt), Houston and New York (\$26/mt), and Los Angeles (\$16/mt)**
- **LSMGO prices up in Zona Comun (\$8/mt), and down in Balboa (\$51/mt), New York (\$49/mt), Los Angeles (\$26/mt) and Houston (\$2/mt)**
- **HSFO prices down in New York (\$38/mt), Houston (\$35/mt), Balboa (\$26/mt) and Los Angeles (\$12/mt)**

Balboa's LSMGO price has dropped the most in the past day with pressure from a lower-priced stem, while Houston's LSMGO price has inched slightly lower. This has narrowed Balboa's LSMGO price premium over Houston by \$49/mt to \$37/mt.

Similarly, Houston's LSMGO discount to New York has also narrowed from \$76/mt to \$29/mt.

Zona Comun's LSMGO price has defied Brent's downward movement and gained in the past day. Meanwhile, Los Angeles' LSMGO price has dropped, to narrow its LSMGO price premium over Zona Comun from \$81/mt, to \$47/mt now.

Bunker operations are likely to be suspended in the Galveston Offshore Lightering Area (GOLLA) over the weekend. Wind gusts of up to 37 knots are forecast from tomorrow, which could keep bunkering suspended until Sunday.

Availability of all grades is good for prompt dates in GOLLA. Most suppliers are able to deliver VLSFO and LSMGO stems within 5-7 days of lead time.

## **Brent**

The front-month ICE Brent contract has plunged \$4.22/bbl on the day, to \$85.01/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Brent futures drew some support after OPEC+ producers announced to continue their production cuts until the end of this year.

The group's top producers Saudi Arabia and Russia have decided to extend their voluntary supply cuts and export bans through this year.

“Given OPEC's pricing power, while not our base case, a push to \$100 per barrel is not out of the question if OPEC+ continues to intervene in markets,” said SPI Asset Management’s managing partner Stephen Innes.

Meanwhile, the world’s third-largest importer India has urged OPEC to show “sensitivity towards consuming countries,” as the world is at a “cusp of economic recession and slowdown.”

India’s petroleum and natural gas minister Hardeep Singh Puri called on OPEC+ producers to be considerate of consuming countries like India as crude oil prices exceeded \$95/bbl in September and were on track for \$100/bbl.

### **Downward pressure:**

Brent's rally towards \$100/bbl was curtailed after the US Energy Information Administration (EIA) reported a massive surge in US gasoline stocks, indicating a potential decline in demand for crude oil in the future.

US Gasoline stocks gained by 6.5 million bbls on the week, to 227 million bbls on 29 September - the highest level since March.

“The current [interest] rates environment and weak gasoline market appear to have been the catalyst” to Brent’s loss, said ING Bank’s head of commodities strategy Warren Patterson.

“Gasoline inventory builds have spilled over into crude markets amid concerns about a potential 2024 recession driven by rising interest rates,” said Innes. These concerns have “caused a shift in the crude futures curve that has negatively impacted prompt crude prices,” he further added.

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