

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

03/11/23

Americas bunker prices have mostly gained with Brent, with the notable exception of Los Angeles' declining LSMGO price.

Changes on the day to 04.00 CST (09.00 GMT) today:

- **VLSFO prices up in New York (\$29/mt), Balboa (\$23/mt), Houston (\$22/mt), Zona Comun (\$16/mt) and Los Angeles (\$15/mt)**
- **LSMGO prices up in New York (\$66/mt), Zona Comun (\$39/mt), Houston (\$30/mt) and Balboa (\$25/mt), and down in Los Angeles (\$32/mt)**
- **HSFO prices up in Balboa (\$48/mt), Los Angeles (\$13/mt), Houston (\$12/mt) and New York (\$9/mt)**

Los Angeles' LSMGO price has dropped steeply, countering the general market directions. Meanwhile, New York's LSMGO price has gained heavily in the past day, to nearly erase its \$101/mt price discount to Los Angeles' LSMGO.

Securing LSMGO is getting tighter in New York because of an uptick in demand this week. Most suppliers require lead times of 7-9 days to deliver LSMGO stems in the East Coast port.

Bunker operations remain suspended in Zona Comun today due to rough weather conditions. The area is experiencing strong gale-force wind gusts of up to 36 knots. Calmer weather is forecast for tomorrow morning.

Zona Comun continues to price its VLSFO competitively. It is mostly at discounts to several Brazilian ports, including Rio Grande, Rio de Janeiro and Santos.

Bunker deliveries have also remained suspended in the Bahamas' Freeport since Wednesday due to strong wind gusts of up to 41 knots. Weather conditions are forecast to improve from this evening.

## **Brent**

The front-month ICE Brent contract has gained \$1.38/bbl on the day, to trade at \$87.17/bbl at 04.00 CST (09.00 GMT).

### **Upward pressure:**

Optimistic market sentiments after the US Federal Reserve's (Fed) decision to keep current interest rates unchanged have supported Brent futures today.

“The Fed’s decision to keep interest rate hikes on pause for a second consecutive time has bolstered economic sentiment and supported commodity prices, including energy,” said two analysts from ING Bank.

Meanwhile, growing tensions in the Middle East coupled with disruptions caused by the Russian invasion of Ukraine could put oil markets into “uncharted waters,” World Bank’s latest Commodity Markets Outlook Report stated.

Global oil supply could be reduced by 6 million b/d to 8 million b/d if the conflict causes “large disruptions”, the bank said. “That would drive prices up by 56% to 75% initially—to between \$140 and \$157 a barrel,” it added.

“The global oil market is still extremely tight, and we don’t have any room for any disruptions of supply,” said Price Futures Group’s senior market analyst Phil Flynn. “The [oil] market awaits more headlines on the progress of the Israeli invasion of Gaza,” he further added.

### **Downward pressure:**

Brent futures felt some downward pressure today due to weak demand projections from China.

China’s purchasing managers’ index (PMI) declined to 49.5 in October from 50.2 in the previous month, data from China’s National Bureau of Statistics (NBS) showed earlier this week. A reading below 50 indicates contraction.

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