

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

20/03/24

Most regional bunker benchmarks have declined with Brent values, and bunkering has been halted in Zona Comun due to rough weather.

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

- **VLSFO prices unchanged in Balboa, and down in Houston (\$14/mt), New York (\$7/mt), Zona Comun (\$6/mt) and Los Angeles (\$1/mt)**
- **LSMGO prices down in Houston (\$20/mt), Balboa (\$14/mt), Los Angeles (\$11/mt) and New York (\$8/mt)**
- **HSFO prices up in Houston (\$3/mt), and down in New York (\$5/mt), Los Angeles (\$4/mt) and Balboa (\$3/mt)**

Houston's LSMGO price has declined by \$20/mt to reverse gains made in the previous day. Two-lower priced LSMGO fixed yesterday has dragged the port's prices lower.

Meanwhile, New York's LSMGO price has dropped slightly. This has resulted in New York pricing its LSMGO benchmark at a \$12/mt premium over Houston's, after trading at parity levels yesterday.

Houston's HSFO price has defied Brent's downward movement and has gained marginally in the past day, with support from a higher-priced firm offer. The port's VLSFO price has dropped with pressure from three lower-priced stems fixed in the past day to narrow its Hi5 spread from \$182/mt to \$165/mt.

Bunker operations have been suspended in Zona Comun today due to rough weather conditions. The area is experiencing strong gale-force wind gusts of up to 53 knots. Calmer weather conditions are forecast tomorrow evening, which could allow bunkering to resume.

## **Brent**

The front-month ICE Brent contract shed \$0.64/bbl on the day, to trade at \$86.30/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent futures gained this week, supported by heightening supply concerns in the global oil market.

Ukrainian drone strikes on Russian energy facilities, along with OPEC members' decision to extend output cuts until the end of June, bolstered Brent's price.

"Tightening supplies helped push crude oil prices higher. Drone strikes over the weekend on oil refineries in Russia have added pressure on fuel markets, leading to rising demand for available crude oil cargoes," said ANZ Bank's senior commodity strategist Daniel Hynes.

Iraq's commitment to reducing oil exports after OPEC+ non-compliance, further tightened the oil supply outlook, SPI Asset Management's managing partner Stephen Innes commented. The country has pledged to reduce its total oil exports to 3.3 million b/d from April.

Oil market is anticipating additional cutbacks from OPEC, Hynes said.

Brent futures gained more support from the American Petroleum Institute's (API) weekly oil stocks report, which showed a decline in US crude inventories, indicating demand growth from the world's largest oil consumer.

The API reported a 1.5-million-barrel decrease in US commercial crude inventories for the week ending 15 March.

### **Downward pressure:**

Due to recent drone attacks launched by Ukraine, Russia's refining capacity has declined, leading to a surge in crude oil exports from Russia, Reuters reported.

Oil exports from Russia's western ports are expected to increase by approximately 260,000 b/d in March over its initial monthly plan, reaching 2.22 million b/d. Analysts suggest this could exert downward pressure on Brent's price.

"The attacks suggest that Russian crude oil export availability is likely to increase as domestic refiners reduce run rates," noted two analysts from ING Bank.

Additionally, the US Federal Reserve (Fed) is anticipated to postpone interest rate cuts this year, in response to recent strong US inflation figures, Innes said. The Fed members are scheduled to meet later today.

Brent's price experienced a slight slowdown in momentum due to "the rising dollar and fears about what the Fed may do on interest rates," explained Phil Flynn, senior market analyst at Price Futures Group.

Higher interest rates strengthen the US dollar, potentially decreasing demand for dollar-denominated commodities like oil.

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