

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices lack a clear general direction amid steady Brent levels, and New York's LSMGO and VLSFO grades are trading at discounts to most other regional ports.

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

- **VLSFO prices up in Balboa (\$17/mt), unchanged in Zona Comun, and down in New York (\$6/mt) and Houston (\$1/mt)**
- **LSMGO prices up in Houston (\$23/mt) and Balboa (\$7/mt), and down in New York (\$11/mt) and Zona Comun (\$3/mt)**
- **HSFO prices up in Balboa (\$17/mt)**

Houston's LSMGO has gained the most in the past day. The grade has been offered firm at a higher level than where the port's benchmark stood at yesterday. The price gain has flipped Houston's LSMGO price from a narrow discount to New York, to a \$29/mt premium now.

Similarly, New York's VLSFO has fallen by more than Houston's VLSFO in the past day, flipping Houston's \$4/mt discount to a \$1/mt premium now. New York's VLSFO and LSMGO is trading at the cheapest rate compared to other major Americas ports.

Securing VLSFO stems for very prompt delivery dates (0-3 days) in Argentina's Zona Comun anchorage is possible. Demand has also improved at the anchorage from last week.

Zona Comun is offering LSMGO at massive premiums of \$254/mt over Brazil's Rio Grande and \$288/mt over Santos.

Bunkering operations in Bahamas' Freeport could be suspended between today and tomorrow due to strong wind gusts.

Brent

The front-month ICE Brent contract has inched up by \$0.05/bbl on the day, to \$78.67/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent extended its gains as concerns over tightening global supply overshadowed uncertainty about US macroeconomic conditions.

OPEC+'s voluntary output cuts of 1.16 million b/d went into effect on Monday and will last through 2023. The alliance previously announced a 2 million b/d cut in output last October, bringing its total output reduction to 3.66 million b/d this year.

A "significant recession" in the US could cause OPEC to intervene again, said SPI Asset Management's managing partner Stephen Innes, adding that "traders are likely reluctant to aggressively short the market, especially with US data holding up for now."

Downward pressure:

The market has been watching China's economic growth closely after it came out of Covid-19 lockdowns, particularly after it reported a drop in its April manufacturing activity. This has stifled further Brent price gains.

Investor sentiment has also been dampened by a rising interest rate environment in the US, following the collapse of First Republic Bank last week. In the past two months, three big US banks have failed, highlighting the impact of higher interest rates on the banking industry. These closures were bigger than the 25 banks that folded in 2008, reported The New York Times.

The US Federal Reserve is expected to further raise its benchmark interest rate by 25 basis points at this week's policy meeting, despite growing concerns about a US recession. Traders will closely monitor the central bank's remarks on the state of the US economy and will look for clues on the future direction of interest rates.

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