

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks have taken mixed direction in the Americas, and prompt VLSFO and LSMGO supply remains tight in Houston.

Changes on the day to 07.00 CDT (12.00 GMT) today:

- **VLSFO prices up in Balboa (\$16/mt) and New York (\$14/mt), unchanged in Houston, and down in Zona Comun (\$5/mt)**
- **LSMGO prices up in Balboa (\$13/mt) and New York (\$4/mt), and down in Houston (\$29/mt) and Zona Comun (\$8/mt)**
- **HSFO prices up in Houston (\$10/mt), and down in New York (\$23/mt) and Balboa (\$1/mt)**

Houston's LSMGO price has made the steepest dip in the past day. Two lower-priced LSMGO stems with prompt delivery has dragged the port's benchmark lower.

Meanwhile, Balboa's LSMGO price has gained more than in other regional ports as the grade has been offered firm at higher levels than where the port's benchmark stood yesterday. This has widened Balboa's LSMGO premium over Houston's from \$18/mt yesterday, to \$60/mt now.

Availability of LSMGO and VLSFO in Houston is still tight for prompt dates. One supplier is able to deliver LSMGO stems in the port with a lead time of at least eight days.

Bunker operations have been running smoothly in the Galveston Offshore Lightering Area (GOLA) this week, after two weeks of rough weather and suspensions. Calmer weather is forecast in the area throughout the week, and most suppliers are able to deliver stems for prompt dates in GOLA.

Brent

The front-month ICE Brent contract has inched up by \$0.56/bbl on the day, to \$75.18/bbl at 07.00 CDT (12.00 GMT) today.

Upward pressure:

“Crude oil gained as ongoing supply side issues helped spark a relief rally after heavy selling last week,” according to ANZ commodity strategist Daniel Hynes.

Threats of disruptions to Canadian oil supply due to ongoing wildfires and a Turkish refusal to restart Kurdish crude exports, from the Ceyhan port, have kept Brent in the green.

Meanwhile, the US Department of Energy (DoE) has announced it will buy up to 3 million bbls of sour crude in August to refill its strategic petroleum reserves. The sour variant, usually sourced from OPEC countries, typically sells at a discount to sweet crude because sour crude must be treated with hydrogen to lower the sulphur content.

When the DoE buys up large quantities of oil, it increases the demand for the product, which in turn bolsters prices. But the DoE's purchases lowers stockpiles, thus driving the price up even further.

Downward pressure:

Concerns over macroeconomic uncertainty in the US and a muted economic recovery in China can dent Brent rates.

“Speculators reduced their net long positions in ICE Brent by 25,094 lots over the last reporting week to 112,742 lots as of last Tuesday - the smallest net long since December,” ING's Warren Patterson said in a report published on Monday.

“The move was predominantly driven by fresh shorts with the gross short position now just over 100k lots, the highest level since July 2021. This relatively large short does leave some positioning risk for the market. Any convincing move higher in the market could lead to a short-covering rally,” Patterson explains.

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