

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in Americas ports have again taken mixed directions, and deliveries are expected to be suspended in Zona Comun due to rough weather.

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

- **VLSFO prices up Balboa and New York (\$6/mt) and Zona Comun (\$1/mt), and down in Houston (\$9/mt)**
- **LSMGO prices up in Zona Comun (\$48/mt) and New York (\$6/mt), and down in Houston (\$20/mt) and Balboa (\$1/mt)**
- **HSFO prices up in New York (\$3/mt) and Houston (\$1/mt), and down in Balboa (\$5/mt)**

Houston's LSMGO benchmark has defied Brent's upward thrust by declining \$20/mt in the past day. One lower-priced 150-500 mt stem with non-prompt delivery has contributed to drag the port's benchmark lower. The port continues to price the grade at discounts to other regional ports.

Zona Comun's LSMGO price has gained sharply as the grade has been offered firm at higher levels than where the port's benchmark stood yesterday. Zona Comun's LSMGO is trading at huge premiums of \$395/mt and \$363/mt over levels in the Brazilian ports of Santos and Rio Grande.

Securing VLSFO and LSMGO stems for prompt delivery dates at Argentina's Zona Comun anchorage is difficult. However, two suppliers are able to offer small-quantity LSMGO stems with a lead time of 5-6 days.

Bunker operations are likely to be disrupted at the anchorage from this evening, when strong wind gusts of up to 27 knots are forecast.

Brent

The front-month ICE Brent contract has gained by \$1.20/bbl on the day, to \$78.10/bbl at 08.00 CDT (13.00 GMT).

Upward pressure:

Current market pessimism is misplaced in light of improving fundamentals and this presents an "opportunity" for investors, argues Eric Nuttall, oil market investor and partner at Ninepoint Partners.

"F.E.A.R (false evidence that appears real) is driving the oil market, with net length back to pandemic lows. Given what we estimate to be imminent, material global inventory draws, this level of pessimism contrasted against meaningful improving fundamentals = opportunity," Nuttall has written in a social media post.

Saudi Arabian oil minister Abdulaziz bin Salman has warned speculators to "watch out" as positioning suggests market speculators have become bearish in recent weeks amid fears of a global economic slowdown. "I keep advising them that they [market speculators] will be ouching - they did ouch in April. I don't have to show my cards. I'm not a poker player... but I would just tell them to watch out," he said during the Qatar Economic Forum organised by Bloomberg.

The warning may indicate that the Kingdom and its OPEC+ allies will come up with another surprise at their 4 June meeting in Vienna to boost prices.

Commercial US crude inventories were drawn by 6.8 million bbls in the week that ended on 19 May, according to an American Petroleum Institute (API) estimate. Official weekly data from the Energy Information Administration (EIA) is scheduled for release later today.

Downward pressure:

Recent market positioning data suggests that oil market speculators have substantially reduced their net long positions in ICE Brent futures in recent weeks, says ING's head of commodity strategy Warren Patterson.

This implies that money managers expect the recent weakness in the oil market to persist and are taking a defensive stance by reducing their exposure to long positions in ICE Brent. The bearish sentiment may prompt other traders to take a defensive stance and reduce their exposure to long positions, which can weigh further on Brent's price.

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