

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have come down sharply with Brent, and New York's LSMGO prices at discounts to many regional ports.

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

- **VLSFO prices up in Los Angeles (\$39/mt), and down in Balboa (\$28/mt), Zona Comun (\$19/mt) and Houston (\$4/mt)**
- **LSMGO prices up in Houston (\$12/mt), and down in Zona Comun (\$47/mt) and Balboa (\$35/mt)**
- **HSFO prices up in Houston (\$29/mt), and down in Balboa (\$25/mt)**

Houston's LSMGO price has moved against the wider market direction by rising in the past day. One higher-priced 150-500 mt LSMGO stem with prompt delivery has contributed to keeping the port's benchmark elevated.

Houston's LSMGO is now trading at a marginal \$5/mt premium over New York. The price gain has also substantially narrowed the port's LSMGO discount to Balboa from \$63/mt yesterday, to \$16/mt now.

Houston's HSFO benchmark has also gained in the past day as the grade has been offered firm at higher levels than where the port's benchmark stood yesterday. Balboa's HSFO benchmark has come down heavily with Brent, narrowing Balboa's HSFO premium over Houston from \$59/mt, to just \$5/mt now.

In Argentina's Zona Comun, VLSFO and LSMGO availability are tight for prompt dates. Both grades now require lead times of at least seven days. Strong wind gusts are forecast at Zona Comun from Friday onwards, which can trigger suspension or lead to delivery delays.

Brent

The front-month ICE Brent contract has come down by \$3.69/bbl on the day, to \$71.65/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Oil markets continue to react to mixed signals from producing nations on another round of output cuts from OPEC+, ahead of the group's meeting on 4 June.

However, the Russian Deputy Prime Minister has played down the possibility of another production cut.

"It seems Novak's words have carried more weight in the markets as traders determined that no alignment of thought will mean no deal. That may prove a little naive given the sway that Saudi Arabia holds," OANDA's market analyst Craig Erlam said.

On the other hand, the US oil and gas rig count has gone down by 44 this month, the biggest drop since 2020, after energy firms in the US cut rigs for a fourth consecutive week, according to Baker Hughes report.

"The falling rig count in the US suggests that US oil production may have already peaked," said Phil Flynn, senior account executive of The Price Futures Group.

Downward pressure:

The world's largest oil importer, China has released a weaker-than-expected economic data, provoking oil markets to worry about a lag in demand recovery.

China's official manufacturing purchasing managers' index (PMI) dropped to 48.8 this month, down from 49.2 in April. A reading below 50 indicates contraction.

"The current pessimism surrounding China's commodity (oil) demand stands in contrast to the optimism at the beginning of this year," said Vivek Dhar, director of commodities research at the Commonwealth Bank of Australia.

Additionally, concerns about a second COVID wave in China and a potential increase in interest rate by the US Federal Reserve continue to weigh on Brent futures.

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