

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly risen with recovering Brent values, with the notable exception of Houston's VLSFO benchmark.

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

- **VLSFO prices up in New York (\$9/mt), Los Angeles, Balboa and Zona Comun (\$8/mt), and down in Houston (\$8/mt)**
- **LSMGO prices up in Zona Comun (\$15/mt), Balboa (\$11/mt), Los Angeles (\$10/mt) and Houston (\$6/mt), and unchanged in New York**
- **HSFO prices up in New York (\$4/mt) and Houston (\$1/mt), and unchanged in Balboa**

Houston's VLSFO price has moved counter to the general market direction by falling with pressure from a lower-priced 150-500 mt VLSFO stem with prompt delivery fixed in the past day. This price change has widened Houston's VLSFO discount to New York from \$6/mt yesterday, to \$23/mt now.

Houston's HSFO price has been roughly steady, and its VLSFO price drop has narrowed its Hi5 spread from \$101/mt yesterday, to \$92/mt now. Similarly, New York's HSFO price has been unchanged and its Hi5 spread has similarly dipped below the \$100/mt-mark, to \$92/mt.

Availability of VLSFO and LSMGO stems in Houston is good now. Suppliers can deliver stems with a lead time of 4-5 days. HSFO needs a longer lead time of about 10 days.

Stems are being delivered on schedule in Argentina's Zona Comun. However, strong wind gusts are forecast at the anchorage tomorrow and could trigger a bunker suspension.

Brent

The front-month ICE Brent contract has gained by \$0.99/bbl on the day, to \$72.64/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent has drawn support from tentative optimism over US oil demand. A contested bill has passed a vote in the US House of Representatives to suspend the country's \$31.4 trillion debt ceiling. This will likely mean the US can avoid defaulting on its growing debt and steer clear of an economic meltdown from running out of cash.

US Federal Reserve governor and vice chair nominee Philip Jefferson has indicated that the central bank's interest rate hikes could be paused in June. A rate hike "skip" would counter market expectations of another hike, and could provide the US economy with a bit of breathing space against a backdrop of slow economic growth.

"Oil markets may have been oversold in the last two trading days due to the sluggish Chinese data and debt ceiling concerns. Sentiments rebounded amid the debt bill's passage in the House and Fed's rate hike pause signal also offered a rebounding opportunity," commented CMC Markets analyst Tina Teng.

Downward pressure:

Saudi Arabian oil giant Aramco could cut its official selling prices (OSPs) all crude grades to Asia in July by \$1/bbl to a 20-month low, reports Reuters.

Demand indications from the world's largest oil importer China continue to be mixed after it released weaker-than-expected manufacturing and services data for May, provoking the market to worry about a lag in demand.

US crude oil inventories grew by about 5.2 million bbls last week, according to an estimate from the American Petroleum Institute (API). The build countered the 1.2 million-bbl draw expected by analysts, says Oilprice.com.

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