ENGINE: Americas Bunker Fuel Market Update

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Prices across major American ports have moved up with Brent, with the notable exception of Houston's LSMGO price.

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

- **VLSFO prices up in Los Angeles and Balboa ($23/mt), Zona COmun ($14/mt), Houston and New York ($12/mt)**
- **LSMGO prices up in Los Angeles ($22/mt), Balboa ($18/mt), New York ($14/mt) and Zona Comun ($9/mt), and down in Houston ($29/mt)**
- **HSFO prices up in Balboa ($12/mt), Houston and New York ($8/mt) and Los Angeles ($7/mt)**

Houston's LSMGO price has contradicted Brent's upward push and dropped in the past day. The port's LSMGO discounts to New York and Los Angeles have widened from yesterday's $23 and $27/mt, respectively, to $66/mt and $78/mt now.

VLSFO and LSMGO have become more readily available for prompt delivery dates in Houston. Bunker demand has been good in the port so far this week. Some suppliers can deliver stems with a lead time of 2-3 days.

Los Angeles' Hi5 spread has doubled from last week's $36/mt to $82/mt now. HSFO prompt supply is available in the port. A supplier can deliver HSFO within 2-3 days of lead time.

Bunker fuel demand in Argentina's Zona Comun anchorage has declined this week. High winds are forecast to hit the anchorage on Friday, which could trigger bunker suspension or lead to possible delays.

Brent

The front-month ICE Brent contract has increased by $1.76/bbl on the day, to $76.97/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures have gained momentum after China released its official trade data for May. Crude oil imports into the world's largest oil-consuming country rose by 16% from April to 51 million mt in May, according to market intelligence firm JLC, which cited little cargo unloading activity in April and some delayed cargoes.

Saudi Arabia's decision at the latest OPEC+ meeting to make a voluntary output cut by 1 million b/d from July has lent some support to Brent this week.

This cut should provide some "limited immediate upside" for the market as the macro-outlook continues to drive oil prices more than the fundamentals, said ING's head of commodity strategy Warren Patterson. "It should also reinforce Saudi Arabia's commitment to try to put a floor under the market," he added.

Global oil inventories are forecast to fall slightly in each of the coming five financial quarters, the US Energy Information Administration (EIA) said in its short-term energy outlook report released yesterday. The EIA estimates the Brent crude oil spot price to average $79/bbl in the second half of 2023, and then $84/bbl in 2024.

Moreover, the EIA forecasts global oil demand to rise by 1.6 million b/d over the remainder of 2023, and by an additional 1.7 million b/d in 2024.

Downward pressure:

The EIA said on Tuesday that crude oil production in the US is forecasted to rise in the second half of 2023 to meet more of the expected demand hike.

"Oil is also getting hit on whisper numbers that could suggest a surprise crude oil supply increase," commented Phil Flynn of the Price Futures Group.

Diesel demand in the US is expected to drop through 2024, despite some growth in economic activity, the EIA further noted.

Priyanka Sachdeva, an analyst at Phillip Nova said in a note, "The fears of recession, as more and more sombre economic readings point towards a slowdown, have kept a lid on oil prices, eroding all OPEC+'s efforts to keep prices afloat."

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