

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Most benchmarks in Americas ports have moved down with Brent, and Los Angeles' Hi5 spread has widened above \$100/mt.

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

- **VLSFO prices down in New York (\$13/mt), Balboa (\$8/mt), Los Angeles (\$6/mt), Zona Comun (\$5/mt) and Houston (\$4/mt)**
- **LSMGO prices up in Houston (\$9/mt), and down in Zona Comun (\$21/mt), Balboa (\$10/mt), Los Angeles (\$7/mt) and New York (\$6/mt)**
- **HSFO prices down in Los Angeles (\$33/mt), Balboa (\$6/mt), New York (\$5/mt) and Houston (\$2/mt)**

New York's VLSFO price has dropped more than Balboa's VLSFO benchmark in the past day. This has erased New York's VLSFO premiums over Balboa.

West Coast port of Long Beach has seen a spike in demand for VLSFO and LSMGO in the past week, compared to its twin port of Los Angeles.

Los Angeles' LSMGO and VLSFO price premiums over Long Beach's benchmarks are about \$4/mt and \$19/mt, respectively.

HSFO price in Los Angeles has dipped steeper in the past day, while the port's VLSFO price made a modest drop. This has widened the port's Hi5 spread from \$82/mt in the past day to \$109/mt now. Los Angeles Hi5 spread has breached the \$100/mt mark for the first time in nearly two months.

Bunkering operations are running smoothly in Argentina's Zona Comun. But high winds are forecast until Sunday and could push back bunker operations.

### **Brent**

The front-month ICE Brent contract has come down by \$1.17/bbl on the day, to \$76.10/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

Brent price drew strong support earlier this week after Saudi-led oil exporters, known as OPEC+, committed to extend production cuts into 2024.

Saudi Arabia pledged a voluntary output cut of 1 million/bbl from July, and certain OPEC+ nations including Russia were provided with lowered output targets at the OPEC+ meeting on 4 June.

A “rapidly tightened” oil supply is expected in the coming weeks, says Phil Flynn, senior account executive of The Price Futures Group. “Signs that global oil demand refuses to crater and talk that Saudi Arabia won’t stop until it makes \$80.00 a barrel a floor and not a ceiling,” are raising such expectations, the analyst said in a note.

**Downward pressure:**

A slowdown in demand from China has been a big concern for the global oil market. Weak figures on manufacturing activity for May were followed by a 7.5% decline in its May exports numbers.

“Crude prices didn't get any favours from China as their economic recovery has disappointed,” OANDA's analyst Edward Moya says.

Oil prices came under pressure amid speculations about the US and Iran reaching a nuclear deal. Prices dropped on Thursday after the UK-based news agency Middle East Eye reported that the US and Iran were negotiating a deal, as per which Tehran would limit uranium enrichment on the condition that the US would ease some sanctions on Iranian crude exports.

However, both countries later denied any such development. This helped Brent to pare some losses.

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