

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most benchmarks have gained across Americas ports again, and bad weather could disrupt GOLA bunkering later today.

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

VLSFO prices up in Houston (\$17/mt) and Balboa (\$11/mt), and down in New York (\$3/mt)

LSMGO prices up in Houston (\$35/mt), New York (\$16/mt) and Balboa (\$12/mt)

HSFO prices up Houston and New York (\$12/mt) and Balboa (\$9/mt)

Houston's LSMGO benchmark has gained the most in the past day with support from two higher-priced stems with prompt delivery. LSMGO prices in New York and Balboa have made smaller gains. This has narrowed Houston's LSMGO discounts to New York and Balboa from \$20/mt and \$37/mt yesterday, respectively, to \$1/mt and \$14/mt now.

Houston has again seen a significant rise in the number of stems fixed in the past day. Six stems have been recorded by ENGINE since yesterday, out of which three have been for LSMGO, two VLSFO stems and one HSFO.

New York's VLSFO ran counter to the general market direction by falling in the past day, while its HSFO price has gained. This has again narrowed the port's Hi5 spread below the \$100/mt mark to \$95/mt now.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). However, bad weather conditions are forecast intermittently throughout the week, which could trigger suspensions or disrupt deliveries in the region.

Brent

The front-month ICE Brent contract has gained by \$0.90/bbl on the day, to \$73.71/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

China's official trade data released earlier this month showed that crude oil imports into the world's largest oil-consuming nation rose by 16% from April to 51 million mt in May, and lent Brent some support.

Azerbaijan's crude production dropped to a three-year low of 500,000 b/d in May, which was below the monthly target set by OPEC+. The country's monthly output has been falling since November 2022.

The OPEC+ output cuts announced a week ago have contributed to put a floor under Brent. Saudi Arabia will slash its output by 1 million b/d to 9 million b/d from next month, while the UAE will produce 200,000 b/d more. The OPEC+ also committed to an additional 1.4 million b/d in output cuts from January next year.

The oil market also awaits demand outlooks from OPEC due later today, and from the International Energy Agency (IEA) tomorrow.

Downward pressure:

Brent has added to Monday's decline as investors remain cautious before the US Federal Reserve's (Fed) monetary policy meeting scheduled for 14-15 June. Markets also await US inflation data that will be released later today.

Previous monetary tightening measures taken by the Fed have bolstered the value of the US dollar, resulting in higher costs for non-dollar currencies when purchasing commodities denominated in dollars, which has added downward pressure on Brent.

Goldman Sachs has lowered its oil price forecast, now expecting Brent to reach \$86/bbl by December, down from \$95/bbl in its previous forecast. The bank cited higher Russian and Iranian supply to drive prices lower despite Saudi Arabia's July output cut.

"Bulls, like ourselves, find comfort in the fact that end-use demand across the commodity complex has not shown recessionary signs and investment in supply remains elusive," Goldman's analysts said in a note that was reported by Bloomberg.

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