

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in American ports have moved in mixed directions, and port operations around Trinidad and nearby Caribbean islands are expected to be suspended as Tropical Storm Bret approaches.

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

- **VLSFO prices up in Zona Comun (\$15/mt) and Balboa (\$1/mt), unchanged in New York, and down in Houston (\$9/mt)**
- **LSMGO prices up in Houston (\$3/mt), and down in Balboa (\$29/mt), New York (\$21/mt) and Zona Comun (\$11/mt)**
- **HSFO prices unchanged in New York, and down in Balboa (\$19/mt) and Houston (\$5/mt)**

Balboa's LSMGO benchmark has moved against Brent's upward push by falling heavily in the past day. The grade has been offered firm at lower levels than where the port's benchmark stood yesterday.

Meanwhile, Houston's LSMGO price has gained in the past day with support from several firm offers at higher levels. The grade has been quoted in a wide \$37/mt range, and its benchmark has flipped to rare premiums of \$14-16/mt over Balboa and Los Angeles.

Tropical Storm Bret has gotten closer to the southern Caribbean region. By tomorrow evening it is forecast to pose a threat of flooding from heavy rainfall, strong winds and dangerous storm surges and waves to ports and vessels on major shipping lanes in Trinidad and the lower Caribbean.

The US National Hurricane Center (NHC) has also issued an alert for Barbados, Dominica, Martinique and St. Lucia. However, NHC clarified that Tropical Storm Bret may not strengthen to a hurricane.

## **Brent**

The front-month ICE Brent contract has gained \$0.08/bbl on the day, to \$76.06/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent has drawn some support from the OPEC+ production cuts that have come into effect since May, and from recent data from the Joint Organizations Data Initiative (JODI) indicating Saudi Arabia's crude exports were at a five-month low in April.

"Oil received support from reports by JODI that Saudi oil exports hit a five-month low against reports of reductions in exports from the UAE as well," said Price Futures Group's senior analyst Phil Flynn.

The oil market now awaits potentially hawkish comments from the US Federal Reserve (Fed) later today to balance out worries about China's post-Covid economic recovery and global oil demand growth.

Two Fed policymakers told Reuters on Tuesday that they are only focusing on bringing down inflationary pressure. The Fed's efforts to tame high inflation could help the US to revive its economy and boost oil demand in the largest economy in the world.

### **Downward pressure:**

Brent has seen some downward pressure from below-expectation cuts in China's key lending rates, said OANDA's market analyst Ed Moya.

"Oil seems locked in on anything and everything that has to do with China. Last week, oil was supported by improving Chinese refiner quotas. This week, energy traders are seeing oil weakness emerge on disappointing stimulus efforts," he added.

In an attempt to improve China's post-Covid economic recovery, the country has cut its benchmark loan prime rates (LPR) for the first time in 10 months.

"The only reason why I think prices (oil) are not climbing (steadily) yet is because the data from China is still unclear," commented Rystad's energy research director Claudio Galimberti.

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