

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices have come down marginally with Brent in Americas ports, and ports in the lower Caribbean islands face disruptions from Tropical Storm Bret later today.

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

- **VLSFO prices unchanged in Zona Comun, and down in Balboa, Los Angeles and New York (\$2/mt) and Houston (\$1/mt)**
- **LSMGO prices up in Balboa (\$23/mt) and New York (\$4/mt), and down in Houston and Zona Comun (\$7/mt) and Los Angeles (\$2/mt)**
- **HSFO prices unchanged in New York, and down in Houston and Los Angeles (\$2/mt) and Balboa (\$1/mt)**

Balboa's LSMGO price has again defied Brent's movement by gaining in the past day with support from several firm offers at higher levels. Houston's LSMGO price, on the other hand, is slightly down and has flipping back to a \$16/mt discount to Balboa now.

Los Angeles prices the grade at rare discounts to both Balboa and Houston still.

Securing HSFO in Houston is getting more difficult. One supplier said it is unable to deliver the grade in Houston, but can instead deliver at the New Orleans Outer Anchorage (NOLA). Another supplier is not able to deliver HSFO stems in the port for prompt dates as well as for dates further out.

Several others with fewer barges have felt more pressure on their barge delivery capacity.

Tropical Storm Bret has moved closer to the southern Caribbean region and is forecast to strike Trinidad and other islands there with strong winds, heavy rains and storm surges this evening.

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

Brent

The front-month ICE Brent contract has dropped by \$0.91/bbl on the day, to \$75.15/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures have recovered some lost ground after the oil market turned optimistic on Chinese crude demand.

"China's economic rebound is still the focus of oil traders. More stimulus measures by the Chinese government could improve the oil demand outlook," said Tina Teng, markets analyst at CMC.

Brent has also been boosted by a weaker dollar and optimism that the global economy will remain strong throughout the summer, commented OANDA's market analyst Edward Moya. "Oil could continue rebounding if the headlines for China remain upbeat," he added in a note.

The market now awaits new catalysts that could drive oil prices further upwards, like the latest US inventory data from the Energy Information Administration (EIA) due later today. The EIA's data has been delayed by a day because of the US Juneteenth public holiday.

Downward pressure:

Brent has seen some headwind from comments by the US Federal Reserve's (Fed) chair Jerome Powell, who has indicated that further interest rate hikes are on the table to tame the stubborn inflation. Powell said that the central bank's primary goal is to bring inflationary pressure under control and that two additional 25-basis point rate hikes this year is "a pretty good guess."

A high-interest rate will increase borrowing costs for consumers and could ultimately result in weaker global oil demand.

Earlier this week, two European Central Bank (ECB) policymakers argued in a speech that more rate hikes were required to avoid higher inflation.

"Downside risks to global growth remain a key overhang for the oil demand outlook...risk sentiments are on hold ahead of a series of hawkish Fed speak lined up on the calendar," said Jun Rong Yeap, a market strategist at IG Group.

By Debarati Bhattacharjee and Aparupa Mazumder

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