ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have come down heavily with Brent in the past day, and Tropical Storm Bret has impacted bunkering operations in Trinidad and St. Eustatius.

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

- **VLSFO prices down in Zona Comun ($22/mt), New York ($20/mt), Houston and Balboa ($16/mt) and Los Angeles ($3/mt)**
- **LSMGO prices up in Los Angeles ($3/mt), and down in Zona Comun ($40/mt), New York ($25/mt), Houston ($15/mt) and Balboa ($7/mt)**
- **HSFO prices down in Los Angeles ($38/mt), New York ($18/mt) and Houston and Balboa ($13/mt)**

Zona Comun's LSMGO benchmark has shed the most in the past day. LSMGO has been indicated in a wide $60/mt range for Zona Comun in the past day, with indications at the lower end of that range weighing down the benchmark.

Zona Comun's LSMGO premiums over the Brazilian ports of Santos and Rio Grande have more than halved over the past month, from $395/mt and $363/mt to $195/mt and $153/mt, respectively.

Los Angeles' LSMGO price has run counter to the general market direction by gaining marginally in the past day, with support from a firm offer at higher level.

Port operations off Trinidad and in the port of St. Eustatius have been disrupted as Tropical Storm Bret passes over southern Caribbean islands. Bunker operations are expected to be delayed until Tuesday, a source says.

The US National Hurricane Center (NHC) has also issued an alert for the ports of San Juan, Santo Domingo and Kingston, which are expected to face delays to bunker operations.

Another tropical storm, "Cindy", has formed behind Bret, However, it is unlikely to affect any port operations, according to the US National Hurricane Center (NHC).

Brent

The front-month ICE Brent contract has dropped by $2.34/bbl on the day, to $72.81/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent was supported modestly after the Energy Information Administration's (EIA) latest weekly report suggested a surprise draw in commercial US crude stocks. Crude inventories were reduced by 3.8 million bbls to 463.3 million bbls in the week that ended on 16 June.

"A rebound in crude exports, dip in imports, and ongoing strength in refining activity have encouraged a draw to crude inventories," said Matt Smith, an analyst at Kpler.

The US rig count has also been reduced, OANDA analyst Ed Moya points out. "This supports the idea that production won't be going up much further from the current level," he writes in a note.

Downward pressure:

Brent futures reversed course, shedding previous gains after the Bank of England raised its interest rate by half a percentage point. Central banks in Switzerland and Norway followed with interest rate hikes of their own.

A rise in interest rates can increase borrowing costs for consumers and trigger speculations of a weakening global economy, ultimately affecting oil demand.

Moreover, hawkish signals from the US Federal Reserve's (Fed) chairman Jerome Powell for further US interest rate hikes have put downward pressure on Brent. In a congressional testimony, the Fed's chairman said this week that two more 25-basis point rate hikes by the end of 2023 was "a pretty good guess."

"Oil prices are going to remain heavy as central bank tightening will kill the global growth outlook," comments Ed Moya.

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