

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in Americas ports have again taken mixed directions, and New York's VLSFO price has flipped back to a premium over Houston.

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

- **VLSFO prices up in New York (\$17/mt) and Zona Comun (\$4/mt), and down in Houston (\$26/mt) and Balboa (\$4/mt)**
- **LSMGO prices up in Zona Comun (\$6/mt), unchanged in New York, and down in Houston (\$27/mt) and Balboa (\$8/mt)**
- **HSFO prices down in Balboa (\$9/mt), New York (\$6/mt) and Houston (\$5/mt)**

Houston's VLSFO and LSMGO benchmarks have fallen steeply compared to other American ports. Several higher-priced stems with prompt and non-prompt delivery were fixed in the past day and have contributed to drag the port's benchmarks lower. Seven stems were recorded by ENGINE, out of which four stems have been for LSMGO and three for VLSFO.

New York's VLSFO price has gained the most in the past day and has drawn support from a firm offer at a higher level. The price gain has meant that New York's rare VLSFO discount to Houston has flipped back to a \$40/mt premium now.

Securing VLSFO and LSMGO for very prompt dates in Bolivar Roads is possible now. Two suppliers can deliver stems with 1-2 days of lead time.

Bunkering is running smoothly in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions so far this week. However, securing LSMGO and VLSFO stems for prompt dates is difficult, with several suppliers only able to supply for delivery dates in the second week of July, a source says.

Brent

The front-month ICE Brent contract has dropped by \$0.49/bbl on the day, to \$73.68/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures drew support after a dispute in Russia prompted oil markets to worry about a potential supply crunch.

Hostilities between Russia's private mercenary group Wagner and Moscow grew over the weekend. A clash between the two entities was avoided on Saturday after the mercenaries halted their advance towards Moscow under a deal with the government, Reuters reports. However, the dispute has raised concerns about political instability in Russia.

Analysts at ANZ said in a note that this attempt of a coup by Wagner is "likely to lead to a risk premium being applied to the oil price amid the risk of further civil unrest."

On the demand side, the summer driving season is expected to drive demand growth in the US. This could push oil prices further up.

Downward pressure:

On the flip side, concerns about China's economic recovery have dented sentiments of oil investors.

"China's economic growth has been a nightmare for commodity markets, particularly in oil and industrial metals," CMC Markets analyst Tina Teng said in a note.

Oil prices came under pressure after the US Federal Reserve's chairman hinted at another interest rate hike by the end of the year.

The oil market has been "very confident" that despite strong growth in demand and a supply crunch due to OPEC+ production cuts, global central banks would be able to slow down the economy, said Phil Flynn, Price Futures Group's senior market analyst. This could allow "the market to ignore the possibility of a looming supply deficit."

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