

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in American ports have mostly dropped with Brent, and Houston's Hi5 spread has narrowed.

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

- **VLSFO prices down in New York (\$13/mt), Balboa (\$5/mt), Houston (\$4/mt) and Zona Comun (\$1/mt)**
- **LSMGO prices up in New York (\$3/mt), and down in Zona Comun (\$13/mt), Balboa and Houston (\$2/mt)**
- **HSFO prices up in New York (\$6/mt), unchanged in Houston, and down in Balboa (\$6/mt)**

Houston's VLSFO has dropped by a marginal \$4/mt amid pressure from a lower-priced 500-1500 mt VLSFO stem fixed in the past day. Meanwhile, the port's HSFO price remained unchanged. This has narrowed Houston's Hi5 spread to \$68/mt, from \$72/mt yesterday.

The port's Hi5 spread has narrowed by \$46/mt in the past month.

Similarly, New York's Hi5 spread has narrowed to \$70/mt in the past day, from \$89/mt yesterday.

Zona Comun's LSMGO price fell the most in the past day amid downward price pressure from a lower-priced LSMGO stem fixed today. The port's LSMGO has plunged by \$134/mt since 7 June.

Strong wind gusts of up to 30 knots are forecast to hit off Trinidad later today, which could likely disrupt bunkering there. Rough weather conditions are expected to persist throughout this week.

## **Brent**

The front-month ICE Brent contract has dropped by \$1.56/bbl on the day, to \$72.12/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent futures drew some support after American Petroleum Institute (API) data showed a larger-than-expected drawdown in US oil inventories last week, indicating demand growth, Reuters reports.

Strong demand from the world's biggest oil consumers during the summer driving season is expected to keep Brent price stable.

Besides, Saudi Arabia's pledge to cut oil output by another 1 million b/d will come into force from July. This could add to the global supply crunch and support oil prices.

"We continue to expect the market to tighten in second-half 2023 on the back of Saudi supply cuts effective from July with upside risk to prices from current levels," said analysts at the National Australia Bank commodity research team.

### **Downward pressure:**

Brent shed previous gains as private mercenary group Wagner retreated from a potential coup in Russia on Saturday. The domestic mutiny had raised concerns about political instability in Russia.

The aversion of coup has shifted oil investors' focus on "gloomy economic forecast and global central bankers that still want a recession," said Phil Flynn, Price Futures Group's senior market analyst.

Interest rate hikes in several countries have put a downward pressure on Brent. Nations like the UK, Switzerland, and Norway imposed another hike in interest rates last week, and US Federal Reserve's (Fed) chairman Jerome Powell signaled yet another rate hike this year.

"Inflation is stubbornly high in Europe that could trigger a lot more rate hikes and a harsher recession," OANDA's market analyst Ed Moya said in a note.

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