

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas have tracked Brent gains, and LSMGO availability is tight in Zona Comun.

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

- **VLSFO prices up in Zona Comun, Los Angeles and Houston (\$14/mt), New York (\$12/mt) and Balboa (\$1/mt)**
- **LSMGO prices up in Zona Comun (\$24/mt), Los Angeles (\$19/mt), Houston (\$17/mt), Balboa (\$9/mt) and New York (\$6/mt)**
- **HSFO prices up in Los Angeles and Balboa (\$12/mt), Houston (\$8/mt) and New York (\$3/mt)**

VLSFO benchmark gains have ranged between \$12-14/mt for most Americas ports in the past day.

Balboa's VLSFO price has held roughly steady, with several lower-priced indications helping it resist Brent's upward push. As Balboa's HSFO price has gained \$12/mt its Hi5 spread has narrowed below the \$100/mt mark. At \$99/mt, Balboa's Hi5 spread is still wider than spreads of \$74/mt in Houston and \$79/mt in New York.

Securing LSMGO stems for very prompt dates (0-2 days) at Argentina's Zona Comun anchorage can be difficult. One supplier is fully booked for delivery dates this week. Some argue that recent weather disruptions have delayed barge loadings, leading to a tight supply market.

Strong wind gusts ranging between 16-25 knots are forecast to hit Zona Comun from Saturday evening onwards, which could delay bunker operations until Sunday. Winds at the higher end of that range can pose problems to bunker deliveries by barge.

Brent

The front-month ICE Brent contract has increased by \$1.83/bbl on the day, to \$73.95/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent has pared some previous losses after the US Energy Information Administration (EIA) figures released on Wednesday showed that US crude oil inventories dropped by 9.60 million bbls in the week that ended 23 June.

"Energy traders turned bullish quickly after the EIA energy report showed a 9.6 million b/d draw and robust demand signs everywhere," said OANDA's market analyst Ed Moya.

Additionally, Saudi Arabia's 1 million b/d output cuts pledged in early June will come into force from July and is expected to add some upward pressure to Brent.

"An additional 1 million b/d unilateral cut by Saudi Arabia, set to take effect in July, coupled with seasonally stronger demand, should help to physically tighten the market in Q3," said analysts at BMI Research in a client note.

Downward pressure:

Concerns over further interest rate hikes that can potentially reduce global economic growth - with a knock-on effect on oil demand - have weighed on Brent this week.

"The market turned around on renewed worries about further rate hikes in the US and Europe, which will reduce global oil demand," said Hiroyuki Kikukawa, president of NS Trading, a unit of Nissan Securities.

Several central banks have hiked interest rates in recent days to control persistently high inflation, and have said that further monetary policy tightening will be required. The US Federal Reserve's (Fed) chairman Jerome Powell has said that two additional US interest rate hikes this year is a "pretty good guess".

Higher interest rates can cool off economies and have a negative impact on economic growth, which can have a direct effect on global oil demand.

By Nithin Chandran and Aparupa Mazumder

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