

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

30/06/23

### ENGINE: Americas Bunker Fuel Market Update

Most bunker prices in the Americas have gained with Brent, and Hi5 spread has narrowed in most American ports.

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

- **VLSFO prices up in Houston (\$7/mt), New York (\$5/mt), Zona Comun (\$3/mt) and Balboa (\$1/mt), and down in Los Angeles (\$23/mt)**
- **LSMGO prices up in Zona Comun (\$22/mt), Houston (\$10/mt), Balboa (\$8/mt) and New York (\$2/mt), and down in Los Angeles (\$3/mt)**
- **HSFO prices up in Balboa (\$11/mt), Houston (\$8/mt), Los Angeles (\$6/mt) and New York (\$2/mt)**

New York's VLSFO benchmark has moved against Brent's upward push by falling steeply in the past day amid pressure from several lower-priced indications. Similarly, the port's LSMGO benchmark also fell in the past day.

Despite the price changes, Los Angeles' VLSFO and LSMGO are trading at premiums over Balboa, New York and Houston.

The Hi5 spread has narrowed below the \$100/mt-mark in most American ports. Currently, Houston has the narrowest spread of \$73/mt. While Hi5 spreads in New York, Los Angeles and Balboa are around \$82-89/mt.

In Houston, 14 stems have been recorded by ENGINE so far this week. Out of the 14 stems, seven stems have been for LSMGO, six for VLSFO and one HSFO stem.

Strong wind gusts of up to 26 knots are forecast to hit Argentina's Zona Comun over the weekend, which could disrupt bunkering there.

Brent

The front-month ICE Brent contract has increased by \$0.97/bbl on the day, to \$74.92/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

Brent futures gained after the US reported a big drawdown in crude stocks, outweighing concerns about weak global oil demand.

According to the US Energy Information Administration (EIA), crude oil inventories in the US dropped by 9.6 million bbls in the week ended 23 June.

The EIA report along with the OPEC+ nations' pledge to continue output reduction into 2024 has led the oil market to worry about the increasing supply crunch.

"The belief that OPEC+ will take further action if there is significant further weakness provides a floor to the market," said ING's market analyst Warren Patterson.

**Downward pressure:**

Brent felt some downward pressure as weak economic recovery from the pandemic in China, the world's second-largest oil consumer, has not improved as much as the market had expected.

The market is "concerned that signs of slowing in the broader economy will begin to impact demand in China from Q3 onwards," said SPI Asset Management's managing partner Stephen Innes.

The talk of "peak oil" demand is exaggerated, commented the Price Futures Group's senior analyst Phil Flynn. "The problem is the lack of investment in fossil fuels and if we indeed reach that level, the question will be is the world going to produce enough oil to meet that demand," he said.

*By Debarati Bhattacharjee and Aparupa Mazumder*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](https://freightinvestorservices.com)