
# ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas ports countered Brent's gain by falling in the past day, and Balboa's Hi5 spread has widened further.

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

- **VLSFO prices up in Zona Comun ($1/mt), and down in Houston ($7/mt), Balboa ($3/mt), New York and Los Angeles ($1/mt)**
- **LSMGO prices up in Balboa ($2/mt), and down in New York ($4/mt), Houston ($3/mt) and Los Angeles ($1/mt)**
- **HSFO prices down in Balboa ($7/mt), Houston ($5/mt) and New York ($1/mt)**

Balboa's HSFO has dropped the most in the past day. Two lower-priced HSFO stems with prompt delivery have dragged the port's benchmark lower. The port's VLSFO benchmark had a marginal drop, widening Balboa's Hi5 spread further from $105/mt yesterday, to $109/mt now.

Overall bunker demand in Balboa has been strong across all grades so far this week. VLSFO and LSMGO are readily available for prompt delivery dates in the port.

Bunkering has been progressing normally in the Galveston Offshore Lightering Area (GOLA) amid calmer weather conditions. However, strong wind gusts are forecast later today, which could impact bunkering.

Currently, VLSFO and LSMGO availability is good in GOLA for prompt dates. Most suppliers can offer stems with a lead time of 2-3 days.

**Brent**

The front-month ICE Brent contract has inched $0.16/bbl higher on the day, to $76.27/bbl at 08.00 CDT (13.00 GMT) today.

**Upward pressure:**

Brent futures extended gains amid concerns about tight crude oil supply. OPEC's allies Russia and Algeria announced a fresh round of supply reduction for August. Both countries will now lower output and export levels in August by another 500,000 b/d and 20,000 b/d, respectively.

Additionally, OPEC's de facto leader Saudi Arabia also extended its existing 1 million b/d output cut by another month to include August.

"Oil is predictably finding price support due to voluntary supply cuts from Saudi Arabia and Russia," said SPI Asset Management's managing partner Stephen Innes.

**Downward pressure:**

The oil market has been speculating further interest rate hikes by central banks, to limit inflation levels. As a result, Brent has felt some downward pressure in recent days.

Minutes from the US Federal Reserve (Fed) June 13-14 meeting indicated that a further hike in interest rate is possible. However, it is likely to happen by the end of this year.

Higher interest rates could slow down demand growth, especially for commodities.

"The oil balance will likely tighten and so will financial conditions, judging by the Fed minutes released last night," said PVM's analyst Tamas Varga. "Persistent recession worries will probably encumber, but not prevent, oil from marching higher," he further added.

*By Debarati Bhattacharjee and Aparupa Mazumder*