

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

07/07/23

Bunker benchmarks in the Americas have gained with Brent values, and VLSFO is tight in Zona Comun.

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

- **VLSFO prices up in New York (\$8/mt), Zona Comun, Balboa and Los Angeles (\$5/mt), and Houston (\$1/mt)**
- **LSMGO prices up in New York (\$12/mt), Houston and Balboa (\$9/mt), and Los Angeles (\$7/mt)**
- **HSFO prices up in Houston (\$11/mt), Balboa (\$10/mt) and New York (\$3/mt)**

Houston has seen a jump in the number of stems fixed in the past day. Seven stems with prompt and non-prompt delivery have been recorded by ENGINE since yesterday. Four stems have been fixed for VLSFO and three for LSMGO.

Houston's HSFO gain has outpaced its VLSFO benchmark, narrowing the port's Hi5 spread from yesterday's \$85/mt to \$75/mt now.

Prices in most ports have made smaller gains in the past week. But Zona Comun's VLSFO increased sharper than other regional ports and gained by \$26/mt since last Friday.

Securing prompt VLSFO stems in Zona Comun can be difficult amid a spike in demand. Most suppliers require at least 7-8 days of lead time to deliver the stems. Strong wind gusts are forecast to hit the region today evening, which could disrupt bunkering there and cause further delays.

Brent

The front-month ICE Brent contract has inched \$0.19/bbl higher on the day, to \$76.46/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

US oil demand was stronger than previously expected in April. The US Energy Information Administration (EIA) has revised its demand estimate for April up by 750,000 b/d to 20.42 million b/d.

"That revision means that oil demand in April was at a record high, above both April 2022 and April 2019," said Price Futures Group's senior market analyst Phil Flynn.

Moreover, a peak summer travel season in the US is putting upward pressure on Brent as expectations of fuel demand growth is boosting oil market sentiments.

"The crude demand outlook is starting to look better as we enter peak summer travel in the U.S." said OANDA market analyst Ed Moya.

Downward pressure:

Brent has seen some headwind from growing expectations of yet another interest rate hike by the US Federal Reserve (Fed).

Higher interest rates can lead to sluggish economic growth, which can then weigh heavily on consumer activity and put a cap on global oil demand.

The oil market is leaning towards believing there will be another hawkish hike by the Fed at its 25-26 July meeting, after the central bank kept its key interest rate unchanged in June.

"A more hawkish Federal Reserve, robust Russian supply and rising Iranian supply all suggest that the market will not trade as high as initially expected," said ING's senior analyst Warren Patterson.

"It doesn't appear as though Russia has stuck to a previous cut of 500Mbbbls/d when you consider that Russian seaborne crude oil exports have been strong for most of the year," added Patterson.

By Debarati Bhattacharjee and Aparupa Mazumder

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