

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Prices have moved in mixed directions in major American hubs, and Balboa's Hi5 spread has narrowed below the \$100/mt mark.

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

VLSFO prices up in Houston (\$7/mt), and down in Balboa (\$18/mt), Zona Comun (\$17/mt) and New York (\$1/mt)

LSMGO prices up in Balboa (\$8/mt) and Houston (\$2/mt), and down in New York (\$4/mt)

HSFO prices up in New York (\$8/mt), and down in Houston (\$4/mt) and Balboa (\$2/mt)

Balboa's VLSFO has defied Brent's movement by falling over the weekend. One lower-priced 50-150 mt VLSFO stem with prompt delivery, fixed over the weekend has contributed to drag the port's benchmark lower.

Meanwhile, the port's HSFO fell marginally over the weekend, to narrow its Hi5 spread below the \$100/mt-mark again. At \$88/mt, Balboa's Hi5 spread is narrower than the spread of \$92/mt in Houston.

Houston's VLSFO has gained over the weekend amid support from a firm offer at a higher level. The price gain has halved Balboa's VLSFO premium over Houston from Friday's \$50/mt, to \$25/mt now.

Strong wind gusts of up to 32 knots are forecast to hit the Zona Comun region between Tuesday evening and Thursday, which could disrupt bunkering there and cause delays. Suppliers are delivering on a first-come and first-serve basis at the anchorage.

Brent

The front-month ICE Brent contract has increased by \$1.41/bbl on the day from Friday, to \$77.87/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures gained upward support as the latest report from the US Energy Information Administration (EIA) showed an increase in the country's oil demand.

According to the EIA data, US oil demand averaged 20.7 million b/d in the four-week period ending 30 June, up by 3.5% from the same period last year.

“It appears that the mood is shifting as the pessimism about demand is starting to meet with reality that it continues to grow,” said Price Futures Group’s senior market analyst Phil Flynn.

“The market is starting to realize that even after the most aggressive rate cycle increase ever that the impact on oil demand is not as pronounced as some have predicted,” Flynn said in a note.

This week, oil markets will focus on demand forecasts by the International Energy Agency (IEA) and OPEC. Both are due to release their oil market reports later this week.

Downward pressure:

Brent has felt some downward pressure in recent weeks due to weaker-than-expected economic growth in China, after the country lifted all COVID-related restrictions.

The oil market is now waiting for fresh cues from the world's top oil consumers the US and China.

“Big macro release this week will be US CPI numbers on Wednesday, which will likely further shape market expectations on how much more monetary tightening we could see from the US Federal Reserve in the months ahead,” said ING’s market analyst Warren Patterson.

Last month, the US Federal Reserve's (Fed) chairman Jerome Powell said that further rate hikes in the US by the end of 2023 is a “pretty good guess”.

Higher interest rates can escalate borrowing costs for consumers and have a negative impact on the economy, ultimately affecting global oil demand growth.

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