

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

13/07/23

Prices have moved in mixed directions across American ports, and bunker operations remain suspended in Zona Comun.

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

- **VLSFO prices up in Los Angeles (\$1/mt), and down in Zona Comun (\$6/mt), Balboa (\$4/mt) and Houston and New York (\$1/mt)**
- **LSMGO prices up in Zona Comun (\$62/mt) and New York (\$1/mt), and down in Los Angeles (\$27/mt), Houston (\$12/mt) and Balboa (\$5/mt)**
- **HSFO prices up in New York (\$7/mt), and down in Los Angeles (\$10/mt), Balboa (\$7/mt) and Houston (\$1/mt)**

Zona Comun's LSMGO price has gained sharply in the past day and has hit its highest level since 25 May. A 0-50 mt stem with non-prompt delivery has been fixed at a higher price than where the port's benchmark stood at yesterday.

New York's HSFO price has also gained with support from a higher-priced stem fixed, while the port's VLSFO benchmark has dropped marginally. This has narrowed New York's Hi5 spread further to \$74/mt, from \$82 yesterday.

Los Angeles' LSMGO has fallen steeply compared to Houston, but is still trading at a huge premium of \$98/mt over the Texan port.

Bunker operations remain suspended in Argentina's Zona Comun due to strong wind gusts. Deliveries are expected to restart from this evening. However, delays are expected as a large number of vessels are due to arrive at the anchorage.

## **Brent**

The front-month ICE Brent contract has inched up by \$0.15/bbl on the day, to \$79.98/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent futures have continued to gain upward momentum after a key US consumer price inflation (CPI) report showed both headline rates and core rates (excluding food and energy) rose by 0.2% month-on-month in June. The report came from the US Labor Department.

The CPI increase undershot an expected rise of 0.3%, said ING's market analyst James Knightley. "This means the annual rate of inflation [in the US] slows," he added in a note.

A slowdown in the annual rate of inflation might stop the US Federal Reserve (Fed) from hiking interest rates further, which could boost the economy and subsequently oil demand.

"Brent has finally broken out of the range it has spent almost two months trading in," said ING's market analyst Warren Patterson. "The key catalyst for the move was the US CPI data coming in below consensus," he further added.

### **Downward pressure:**

Brent felt some downward pressure after the US Energy Information Administration (EIA) reported a big crude inventory build in the US. Commercial US crude oil inventories increased by 5.95 million bbls in the week that ended 7 July, which was much higher than the 3 million-bbl figure reported by the American Petroleum Institute on Tuesday.

Lower exports of US crude oil have led to this unexpected build, commented Warren Patterson. "The report was on the bearish side, given the large builds and weaker implied demand. However, clearly the market was more focused on US CPI data yesterday," he further added.

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