

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas have moved in mixed directions, and Tropical Storm Calvin poses a threat to bring heavy rainfall to Hawaii today.

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

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

Balboa's VLSFO price has gained with support from a higher-priced stem with non-prompt delivery fixed in the past day. While the VLSFO price in Zona Comun has remained unchanged. This has flipped the Zona Comun's \$2/mt premium over Balboa, to a \$2/mt discount now.

Houston's VLSFO price has dropped the most with Brent. Houston continues to price its VLSFO at lower levels than other regional ports. Its VLSFO discounts to New York and Balboa stand at \$24/mt and \$19/mt, respectively.

Prompt availability of VLSFO and LSMGO remains good in Houston. Few suppliers are able to deliver stems within a lead time of five days. HSFO stems can also be secured in Houston with a recommended lead time of seven days.

Tropical Storm Calvin has formed over the Pacific Ocean and is forecast to pass the islands of Hawaii today evening. It could bring strong winds, heavy rain and flooding to the region, the US National Hurricane Center (NHC) reported. The islands of Maui, Molokai, Lanai, Kahoolawe and the Big Island in Hawaii have been warned by the NHC.

Brent

The front-month ICE Brent contract has shed \$0.51/bbl on the day, to \$78.50/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures gained some upward momentum amid concerns about a potential crude supply shortage in the US.

Baker Hughes on Monday reported a decline in active oil rigs in the US last week. The energy company in its latest report said that the number of active oil rigs in the US fell by three units to 537 last week, which is the lowest since April last year.

The oil market is now waiting for more cues from the Energy Information Administration's (EIA) weekly US crude stocks data.

On the demand side, market analysts said that oil demand in China was strong in June.

“Drilling deeper into the numbers suggests oil demand in China over June was fairly strong with implied demand growing almost 14% year-on-year,” said ING's head of commodities research Warren Patterson.

Downward pressure:

Brent pulled back from last week's highs and dropped below the \$80/bbl mark after China reported weaker-than-expected gross domestic product (GDP) figures.

Additionally, multiple sources have confirmed that Libya has resumed oil production from El-Sharara and El-Feel oilfields. Production from these oilfields was stopped last week following protests that erupted after a former government official was abducted.

“Crude prices are lower as China's economic recovery stalled and as Libya resumed production at key oil fields,” said OANDA's market analyst Ed Moya.

“Oil won't catch a bid unless China finally unleashes meaningful stimulus that propels large parts of the economy,” he added in a note.

By Debarati Bhattacharjee and Aparupa Mazumder

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