

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

20/07/23

Most bunker prices in the Americas have defied Brent's upward push by falling in the past day, Houston's LSMGO is trading at a rare discount to New York's LSMGO benchmark.

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

- **VLSFO prices down in New York (\$8/mt), Balboa and Zona Comun (\$6/mt), Los Angeles (\$4/mt) and Houston (\$1/mt)**
- **LSMGO prices up in Houston (\$49/mt), and down in Zona Comun and New York (\$7/mt), Los Angeles (\$6/mt) and Balboa (\$4/mt)**
- **HSFO prices down in Balboa (\$5/mt), New York (\$4/mt), Los Angeles (\$3/mt) and Houston (\$1/mt)**

Houston's LSMGO price has gained sharply in the past day. One higher-priced 150-500 mt LSMGO stem with non-prompt delivery has contributed to keeping the port's benchmark elevated. LSMGO prices in New York, Los Angeles and Balboa have dropped.

Houston's LSMGO price has flipped to a rare \$12/mt premium over New York, from a \$44/mt discount yesterday. Houston's LSMGO discounts to Balboa and Los Angeles have narrowed to \$1/mt and \$9/mt, from \$54/mt and \$64/mt yesterday.

Houston has seen steady demand for LSMGO and VLSFO grades in the past week. But availability of these two fuel grades is good in the port, due to its large pool of suppliers.

Port operations resumed in the southern part of Hawaii. The US Coast Guard declared the area safe for marine traffic after Tropical Storm Calvin passed. The storm has had a minor impact on port operations in the area, a source says.

## **Brent**

The front-month ICE Brent contract has decreased by \$1.19/bbl on the day, to \$79.69/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent futures received some upward thrust amid anticipation of tight supply.

Russia will reduce its oil exports by 2.1 million mt in the third quarter, in line with the planned voluntary cuts of 500,000 b/d in August, Reuters reported citing the country's energy ministry.

"Given the tightening that we expect in the oil market as we move through the second half of this year, we believe it is only a matter of time before Brent moves above \$80/bbl," said ING's head of commodities strategy Warren Patterson.

Brent also gained some support from the decline in Russian seaborne crude flows, commented SPI Asset Management's analyst Stephen Innes. "Moscow is finally appearing to make good on its pledge to cut supply to international markets," he added in a note.

### **Downward pressure:**

Brent shed yesterday's gains as the US Energy Information Administration (EIA) report posted disappointing demand figures and a lower-than-expected drop in crude inventories, said OANDA's market analyst Ed Moya.

The EIA said that production cuts from OPEC members and increase in petroleum consumption will lead to an average inventory drawdown of 400,000 b/d between now and the end of next year.

"Some renewed strength in the USD weighed on oil prices yesterday, whilst US inventory data was not the most constructive," said Warren Patterson. "The EIA's weekly inventory report was also not the most constructive, with crude and gasoline draws coming in lower than expected," he added.

*By Debarati Bhattacharjee and Aparupa Mazumder*

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