

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

21/07/23

Bunker prices have gained across the Americas amid rising Brent values, and Zona Comun could face weather disruptions again.

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

- **VLSFO prices up in Los Angeles (\$26/mt), Zona Comun (\$22/mt), New York (\$10/mt) and Balboa (\$9/mt), and down in Houston (\$4/mt)**
- **LSMGO prices up in Los Angeles (\$45/mt), Zona Comun (\$18/mt), Balboa (\$17/mt) and New York (\$16/mt), and down in Houston (\$15/mt)**
- **HSFO prices up in Los Angeles (\$12/mt), New York (\$11/mt), Balboa (\$7/mt) and New York (\$6/mt)**

Houston's LSMGO has reversed its gains from the previous session and fallen heavily over the past day. A lower-priced 50-150 mt LSMGO stem for prompt delivery has contributed to drag the port's benchmark lower. Los Angeles' LSMGO price has risen more than in other ports in the past day. This has widened Los Angeles' LSMGO premium over Houston from \$9/mt, to \$69/mt now.

Houston's VLSFO price has also countered Brent's upward movement by falling in the past day. Houston's VLSFO price is now trading at a discount to other regional ports.

The port's HSFO price has gained marginally since yesterday, to narrow its Hi5 spread to \$76/mt, from \$86/mt yesterday.

Bunker operations have been running normally in Argentina's Zona Comun anchorage, but strong winds of up to 38 knots are forecast over the weekend. This could disrupt bunkering at the anchorage. VLSFO availability remains tight in Zona Comun and lead times can stretch to the second week of August, a source says.

## **Brent**

The front-month ICE Brent contract has gained \$0.94/bbl on the day, to \$80.63/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent broke above the \$80/bbl mark earlier today as the oil market focused on production cuts from major producers, such as Saudi Arabia and Russia. Additionally, China's recent pledge to support the country's economy by driving consumption has boosted Brent.

On Wednesday, China's highest economic planner, National Development and Reform Commission (NDRC), pledged to roll out policies to "stabilise growth in 10 sectors" and "increase support for private firms" in the world's biggest oil-importing nation, according to a Reuters report.

Moreover, Russia has pledged to reduce its oil exports by 2.1 million mt in the third quarter, in line with its planned voluntary cuts of 500,000 b/d in August.

Voluntary supply reduction has been the primary reason for the recent "mini-bull" run, said SPI Asset Management's analyst Stephen Innes. "With demand uncertainty still lingering, supply will likely drive higher prices vs. demand," he added in a note.

### **Downward pressure:**

Brent felt some downward pressure as market analysts have raised doubts about Russia's compliance with oil exports. There are questions whether Russia will follow the export cuts it has announced for August, ING's head of commodities strategy Warren Patterson argued.

Lack of Russia's compliance with oil export cuts could limit the upside in Brent futures, said OANDA's market analyst Ed Moya.

He further noted that a few cuts in interest rates and support for the property market in China will not be sufficient to boost the country's economy. "If China doesn't appear strong the global growth outlook will get slashed and that could keep oil prices heavy a while longer," he added.

*By Debarati Bhattacharjee and Aparupa Mazumder*

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association ("NFA"). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at [freightinvestorservices.com](http://freightinvestorservices.com)