

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas ports have moved in mixed directions, and Balboa's Hi5 spread has widened above \$100/mt.

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

- **VLSFO prices up in Houston (\$5/mt), and down in Los Angeles, Balboa and Zona Comun (\$5/mt)**
- **LSMGO prices up in Houston and New York (\$8/mt), and down in Balboa (\$20/mt), Zona Comun (15/mt) and Los Angeles (\$12/mt)**
- **HSFO prices down in Balboa (\$15/mt), Houston (\$11/mt) and Los Angeles (\$9/mt)**

New York's LSMGO price has gained in the past day, while Balboa's LSMGO price has dropped amid downward pressure from two lower-priced, prompt delivery stems fixed in the past day. The price moves have flipped Balboa's LSMGO price from a premium of \$20/mt over New York to a \$8/mt discount now.

Balboa's HSFO price drop has outpaced that of its VLSFO, to widen the port's Hi5 spread to \$106/mt, from \$96/mt yesterday. The port's Hi5 spread is much wider than the spreads in Los Angeles (\$74/mt), New York (\$76/mt) and Houston (\$80/mt).

Availability of LSMGO and VLSFO stems is good for prompt dates in Balboa. Most suppliers can deliver the fuel grades with a lead time of 5-7 days, a source says. HSFO deliveries are subject to enquiry in Balboa.

Currently, bunkering is running normally in Argentina's Zona Comun anchorage. But wind gusts of up to 30 knots are forecast to hit the region later today, which could disrupt operations. Calmer weather conditions are forecast from tomorrow onwards.

Brent

The front-month ICE Brent contract has increased by \$0.26/bbl on the day, to \$82.78/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent drew upward support from recent government data on Saudi Arabia's oil exports, which showed a 40% decline in May, according to a Reuters report.

Oil investors are now waiting to see if Saudi Arabia and Russia will extend voluntary production cuts into September. Brent futures gained upward momentum and surpassed the \$80/bbl mark after Saudi Arabia and Russia announced reductions in oil exports, earlier this month.

OPEC+ oil producers "will need to manage expectations and be careful on how they go about unwinding this cut," ING'S head of commodities strategies Warren Patterson said.

Additionally, Brent futures drew support from the International Monetary Fund's (IMF) report released on Tuesday. The IMF raised its world gross domestic product (GDP) forecast from 2.8% to 3% for 2023 and 2024.

"The outlook for global growth is the key for the crude demand outlook and right now it seems that might only get better as we get more stimulus out of China and as soft-landing hopes grow for the US," said OANDA'S market analyst Ed Moya.

Downward pressure:

Brent felt some downward pressure after data released by the American Petroleum Institute (API) showed a build in US crude inventories, Reuters reports. The US crude stocks rose by about 1.32 million bbls last week, the report said citing API figures.

Moreover, oil investors are expecting a 25 basis-point interest rate hike by the US Federal Reserve (Fed) later today. This could be the last hike cycle, commented SPI Asset Management's analyst Stephen Innes.

"However, any signal from the Fed that they have more to do will likely put some downward pressure on risk assets, including oil," he added.

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