

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, and Zona Comun could face weather disruptions again.

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

- **VLSFO prices up in Balboa (\$27/mt), Houston (\$16/mt), Zona Comun and Los Angeles (\$9/mt), and down in New York (\$6/mt)**
- **LSMGO prices up in Houston and Balboa (\$25/mt), Zona Comun (\$17/mt), Los Angeles (\$17/mt) and New York (\$4/mt)**
- **HSFO prices down in Balboa (\$25/mt), Houston (\$14/mt) and Los Angeles (\$7/mt), and down in New York (\$6/mt)**

New York's LSMGO price has made a smaller gain in the past day compared to Balboa's price. This has flipped New York's LSMGO price from a premium of \$8/mt over Balboa, to a discount of \$13/mt.

Houston's VLSFO price has gained sharply in the past day. One higher-priced 50-150 mt VLSFO stem with non-prompt delivery has contributed to keeping the port's benchmark elevated. New York's VLSFO price has run counter to Brent and fell in the past day. This has narrowed New York's VLSFO price premium over Houston from \$28/mt to \$6/mt now.

Strong wind gusts of up to 28 knots are forecast to hit Trinidad later today, which could disrupt bunkering there. Rough weather conditions are expected to persist throughout this week.

Availability of VLSFO is getting better in Zona Comun. Lead times have come down to 6-7 days with most suppliers. However, strong winds are forecast over the weekend, which could disrupt bunkering at the anchorage.

Brent

The front-month ICE Brent contract has gained \$0.38/bbl on the day, to \$83.60/bbl at 17.00 SGT (09.00 GMT).

Upward pressure:

Brent futures continued to move up as tight supply in oil markets and hopes of a stronger Chinese demand outweighed concerns about a downfall in the global economy.

Oil investors are now focusing on the Organization of the Petroleum Exporting Countries (OPEC) and its allies' monthly joint ministerial monitoring committee meeting next week. The outcomes of the meeting will reveal if the group of oil producers decides to extend voluntary crude oil production cuts into September as well.

Additionally, China's recent pledge to accelerate economic growth in ten different sectors has spurred hopes in the oil market, with the expectation to see demand growth in the world's largest crude oil importer.

"The market is more optimistic following China's Politburo meeting, where there were promises for more support measures for the domestic economy," said Warren Patterson, ING's head of commodities research.

Downward pressure:

Brent felt some downward pressure after the US Federal Reserve's (Fed) Open Market Committee (FOMC) raised interest rates by 0.25 percentage points to 5.25-5.5%.

According to several market analysts, there is still room for another hike. "Minimal changes were made to the post-meeting statement," said SPI Asset Management's analyst Stephen Innes. "The statement did not signal a slower pace for rate hikes at future meetings," he further added.

Monetary tightening measures taken by the US Fed in the recent past have strengthened the US dollar, making it expensive for non-dollar currency holders to buy dollar-denominated commodities such as oil. Further rate hikes could have a negative effect on global oil demand, putting downward pressure on Brent.

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