

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

31/07/23

Americas bunker prices have mostly gained with Brent, especially LSMGO prices which shot up significantly in certain ports.

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

- **VLSFO prices up in Los Angeles (\$20/mt), New York (\$13/mt), Zona Comun (\$11/mt) and Houston (\$10/mt), and down in Balboa (\$12/mt)**
- **LSMGO prices up in Houston (\$60/mt), Balboa (\$57/mt), New York (\$43/mt), Los Angeles (\$38/mt) and Zona Comun (\$4/mt)**
- **HSFO prices up in New York (\$11/mt) and Los Angeles (\$10/mt), and down in Balboa (\$8/mt) and Houston (\$2/mt)**

Houston's LSMGO price has gained the most over the weekend and has drawn support from a higher-priced stem with prompt delivery. Houston's LSMGO price is trading at \$921/mt – the highest since February.

Most LSMGO prices in the Americas have gained heavily in the past two weeks, especially in Los Angeles, where the LSMGO price has jumped by \$210/mt since 17 July. The grade is now priced above \$1,000/mt.

Prompt LSMGO supply is tight in Los Angeles, with several suppliers under pressure. The earliest delivery dates with one supplier are 7-8 days out.

Meanwhile, Zona Comun's LSMGO price gain has been relatively modest than other ports over the weekend. This has narrowed the port's LSMGO price premium over Los Angeles to \$76/mt. Zona Comun's LSMGO is typically priced about \$200-\$300/mt higher than in Los Angeles'.

Availability of VLSFO stems for prompt dates has improved in Zona Comun due to calmer weather conditions. One supplier is able to deliver VLSFO stems with a lead time of six days. However, strong winds are forecast on Wednesday, which could disrupt bunkering at the anchorage.

Brent

The front-month ICE Brent contract has gained \$1.28/bbl on the day from Friday, to \$85.44/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent has extended gains from last week following comments from several market analysts, who emphasized on tightening of the global oil supply amid strong demand.

“Oil and product prices are starting to come to grips with a looming supply shortage,” said the Price Futures Group’s senior market analyst Phil Flynn.

Additionally, market analysts have said that any sign of improvement in China’s economy after the country’s pledge to support different financial sectors will drive demand growth for commodities such as oil.

“China’s demand is now surpassing expectations, helping the likelihood of a price overshoot,” said SPI Asset Management’s analyst Stephen Innes.

Downward pressure:

Meanwhile, there are concerns in oil markets about the announcement of supportive policies by the Chinese government to spur growth in its economic sectors. These concerns have put some downward pressure on Brent futures.

“Up until now, there haven’t appeared to be any actual policies that have been announced,” said ING’s head of commodities research Warren Patterson.

China is key for global oil demand growth, Patterson further commented. “The market has been getting increasingly concerned over the weaker-than-expected economic recovery, so any support measures will be helpful in easing some of these concerns,” he added in a note.

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