

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

17/08/23

Bunker benchmarks in the Americas ports have mostly dropped in the past day, and prompt HSFO supply is tight in Houston.

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

- **VLSFO prices unchanged in Balboa, and down in Houston (\$7/mt), Los Angeles and New York (\$6/mt) and Zona Comun (\$5/mt)**
- **LSMGO prices up in New York (\$61/mt) and Balboa (\$3/mt), and down in Zona Comun (\$11/mt), Los Angeles (\$10/mt) and Houston (\$4/mt)**
- **HSFO prices up in Balboa (\$7/mt), unchanged in Houston, and down in New York and Los Angeles (\$5/mt)**

New York's LSMGO price has countered the general market direction by gaining heavily in the past day, while Balboa's LSMGO price has made a marginal gain. This has flipped its \$48/mt price premium over New York's LSMGO, to a \$10/mt discount now.

Los Angeles' LSMGO price has dropped for the second consecutive day. This has almost halved Los Angeles' LSMGO price premium over New York from \$153/mt yesterday, to \$82/mt now.

HSFO prices in Houston, New York and Los Angeles are trading at parity levels.

Securing HSFO stems for prompt delivery dates in Houston can be difficult. Tight availability of the grade has contributed to narrow the port's Hi5 spread from \$65/mt yesterday, to \$58/mt now.

Suppliers in Zona Comun have been warned about delays in barge loadings and bunker deliveries between tomorrow and Sunday due to the forecast of rough weather conditions. Strong wind gusts ranging between 26-35 knots are forecast to hit Zona Comun tomorrow.

Brent

The front-month ICE Brent contract has dropped by \$0.72/bbl on the day, to trade at \$84.28/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Crude oil supply cuts pledged by oil giants like Saudi Arabia and Russia have provided some support to Brent futures in recent weeks.

Saudi Arabia's crude oil export dropped to a three-year low of 6.80 million b/d in June, reported the Joint Organisations Data Initiative (JODI) on Wednesday. Saudi crude output was also at a three-year low, after it fell by 300,000 b/d on the month to 9.96 million b/d.

Saudi Arabia and the broader OPEC+' group's primary goal is to put a floor under oil prices and bring a "balance in the market" with these supply reductions that came into effect from May.

Downward pressure:

Fresh fears of yet another US interest rate hike have weighed down on Brent futures. At a Federal Open Market Committee (FOMC) meeting in July, a US Federal Reserve (Fed) officials said the central bank's priority is to "battle inflation".

"Oil traders are getting that sinking feeling as pressure builds against the backdrop of the Fed that may have little alternative to turn up the Fed Funds screws to throw a wet blanket over the red-hot US economy," commented SPI Asset Management's analyst Stephen Innes.

Ongoing concerns about China's slower-than-expected economic recovery have put a lid on Brent price gains.

"Crude prices are going to struggle here as we have bearish sentiment in the world's two largest economies," said Ed Moya, OANDA's senior market analyst.

"The Chinese economy can best be described as a high-speed bullet train wreck colliding with an economic dumpster fire," Stephen Innes said.

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