

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have taken mixed directions, and bunkering has been suspended in Zona Comun again.

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

- **VLSFO prices up in Balboa (\$8/mt) and New York (\$7/mt), unchanged in Houston, and down in Los Angeles (\$19/mt) and Zona Comun (\$8/mt)**
- **LSMGO prices up in Houston (\$20/mt), Los Angeles and Balboa (\$19/mt), and down in Zona Comun (\$13/mt) and New York (\$10/mt)**
- **HSFO prices up in Balboa (\$31/mt), and down in Los Angeles (\$21/mt), New York (\$6/mt) and Houston (\$2/mt)**

Zona Comun's LSMGO price has defied Brent's upward movement and dropped in the past day. Meanwhile, Los Angeles' LSMGO price has gained, with support from two firm offers at higher levels. The price changes have widened Los Angeles' LSMGO price premium over Zona Comun from \$85/mt, to \$117/mt now.

Higher demand for LSMGO in Los Angeles has resulted in tightening the availability of the fuel grade. The West Coast port continues to price the grade at elevated levels to other regional ports.

Balboa's HSFO price has gained steeply in the past day, while its VLSFO price made a modest price rise. This has again narrowed Balboa's Hi5 spread from \$110/mt yesterday, to \$87/mt now.

After bunkering in Argentina's Zona Comun resumed for a brief period yesterday, it has been suspended again this morning due to strong wind gusts. Rough weather conditions are forecast until Friday, which could keep bunkering suspended in Zona Comun. Some suppliers are booking orders for VLSFO and LSMGO stems with a lead time of 7-8 days.

## **Brent**

The front-month ICE Brent contract has gained by \$0.47/bbl on the day, to trade at \$89.69/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Brent futures broke above \$90/bbl for the first time since November 2022, after leading oil producers Saudi Arabia and Russia announced the extension of voluntary oil supply cuts through the end of the year.

The Organization of the Petroleum Exporting Countries' (OPEC) de facto leader Saudi Arabia said it will implement a voluntary output cut of 1 million b/d through the end of 2023, state news agency SPA reported on Tuesday, citing a ministry official.

The announcement was followed by a statement from Russian Deputy Prime Minister Alexander Novak, who announced an extension of Russia's export cuts by 300,000 b/d through the end of this year.

Oil market analysts were expecting the oil-producer duo to extend production cuts into October, rather than an extension till the end of 2023.

"This move [extension of production cuts] underscores their [Saudi Arabia and Russia] heightened pricing influence within the OPEC+ alliance," commented SPI Asset Management's managing partner Stephen Innes. "The market's anticipation of this development led to a notable 2-3% surge in Brent crude oil prices, reaching \$91 per barrel," he further added in a note.

### **Downward pressure:**

The surge in Brent futures amid extension of voluntary output cuts could "prove challenging for central banks and financial markets, which were embellishing the current lower inflation groove," said Innes.

Higher oil prices could lead to another round of interest rate hike by the US Federal Reserve (Fed) in an effort to battle inflationary pressure.

A higher interest rate could reduce consumer spending and drive oil demand down.

"Rising oil prices are officially the new inflation stoker. Everyone notices that this rally feels different, suggesting that "Oil," The Great Inflationary Dragon, is not yet slain," Innes further added.

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