

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices have come down heavily in the American ports with Brent, and Tropical Storm Calvin forecast to hit Hawaii tomorrow.

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

VLSFO prices down in Balboa (\$22/mt), Los Angeles and Zona Comun (\$17/mt), New York (\$10/mt) and Houston (\$8/mt)

LSMGO prices down in Zona Comun (\$76/mt), Los Angeles (\$58/mt), New York (\$20/mt), Balboa (\$14/mt) and Houston (\$12/mt)

HSFO prices down in New York (\$21/mt), Houston (\$18/mt), Los Angeles (\$15/mt) and Balboa (\$8/mt)

Los Angeles' LSMGO price has come down heavily over the weekend compared to other regional ports. The benchmark's premium has narrowed over New York, Houston and Balboa from \$59/mt, \$92/mt and \$47/mt on Friday, respectively, to \$21/mt, \$46/mt and \$3/mt now.

Balboa's VLSFO price has fallen more than the port's HSFO price over the weekend. This has narrowed Balboa's Hi5 spread from \$108/mt on Friday, to \$94/mt now.

Tropical Storm Calvin formed in the Pacific Ocean is expected to hit the islands of Hawaii on Tuesday. It could bring strong winds, heavy rain and flooding to the region, the US National Hurricane Center (NHC) reported.

Securing VLSFO stems for prompt dates have improved in Zona Comun due to calmer weather conditions. One supplier is able to deliver VLSFO stems with a lead time of 5-6 days.

Brent

The front-month ICE Brent contract has dropped by \$2.26/bbl on the day from Friday, to \$79.01/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures traded upwards after supply disruptions in Libya and Nigeria last week put further pressure on global supply dynamics, following voluntary output cuts by Saudi Arabia and Russia that will extend into August.

Brent also drew some support from Chinese trade figures released by market intelligence provider JLC that showed oil imports in China hit recorded its second-highest ever monthly figure, with 52.06 million mt (12.72 million b/d) imported in June.

Moreover, a peak summer travel season in the US is putting upward pressure on Brent as demand growth is boosting oil market's sentiments.

"The fundamentals for higher prices in the coming months appear more encouraging," said SPI Asset Management's analyst Stephen Innes, referring to a decline in supply and the likelihood of rising demand.

Downward pressure:

Brent reversed last week's gains and fell below the \$80/bbl mark after China reported weaker-than-expected gross domestic product (GDP) data, sparking concerns about slowing demand growth from the world's second-largest oil consumer.

According to a Reuter's report citing data released by the National Bureau of Statistics, China's GDP grew by a slight 0.8% from the first quarter to the second quarter. The GDP numbers were adjusted for seasonality.

"The weaker than expected GDP numbers are likely to continue to cause concern for markets," said ING's head of commodities research Warren Patterson. Domestic Chinese oil demand grew at a strong pace in June, he said, but the market seems focused on weak headline GDP numbers.

Brent has also felt downward pressure after two of three previously shut Libyan oil fields resumed production over the weekend. Oil production was halted during protests that erupted after a former government official was abducted.

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