ENGINE: Americas Bunker Fuel Market Update

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Bunker prices have gained across the Americas amid rising Brent values, and Zona Comun could face weather disruptions again.

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

- **VLSFO prices up in Los Angeles ($26/mt), Zona Comun ($22/mt), New York ($10/mt) and Balboa ($9/mt), and down in Houston ($4/mt)**
- **LSMGO prices up in Los Angeles ($45/mt), Zona Comun ($18/mt), Balboa ($17/mt) and New York ($16/mt), and down in Houston ($15/mt)**
- **HSFO prices up in Los Angeles ($12/mt), New York ($11/mt), Balboa ($7/mt) and New York ($6/mt)**

Houston's LSMGO has reversed its gains from the previous session and fallen heavily over the past day. A lower-priced 50-150 mt LSMGO stem for prompt delivery has contributed to drag the port's benchmark lower. Los Angeles' LSMGO price has risen more than in other ports in the past day. This has widened Los Angeles' LSMGO premium over Houston from $9/mt, to $69/mt now.

Houston's VLSFO price has also countered Brent's upward movement by falling in the past day. Houston's VLSFO price is now trading at a discount to other regional ports.

The port's HSFO price has gained marginally since yesterday, to narrow its Hi5 spread to $76/mt, from $86/mt yesterday.

Bunker operations have been running normally in Argentina's Zona Comun anchorage, but strong winds of up to 38 knots are forecast over the weekend. This could disrupt bunkering at the anchorage. VLSFO availability remains tight in Zona Comun and lead times can stretch to the second week of August, a source says.

Brent

The front-month ICE Brent contract has gained $0.94/bbl on the day, to $80.63/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent broke above the $80/bbl mark earlier today as the oil market focused on production cuts from major producers, such as Saudi Arabia and Russia. Additionally, China's recent pledge to support the country's economy by driving consumption has boosted Brent.

On Wednesday, China's highest economic planner, National Development and Reform Commission (NDRC), pledged to roll out policies to "stabilise growth in 10 sectors" and "increase support for private firms" in the world's biggest oil-importing nation, according to a Reuters report.

Moreover, Russia has pledged to reduce its oil exports by 2.1 million mt in the third quarter, in line with its planned voluntary cuts of 500,000 b/d in August.

Voluntary supply reduction has been the primary reason for the recent "mini-bull" run, said SPI Asset Management's analyst Stephen Innes. "With demand uncertainty still lingering, supply will likely drive higher prices vs. demand," he added in a note.

Downward pressure:

Brent felt some downward pressure as market analysts have raised doubts about Russia's compliance with oil exports. There are questions whether Russia will follow the export cuts it has announced for August, ING's head of commodities strategy Warren Patterson argued.

Lack of Russia's compliance with oil export cuts could limit the upside in Brent futures, said OANDA's market analyst Ed Moya.

He further noted that a few cuts in interest rates and support for the property market in China will not be sufficient to boost the country's economy. "If China doesn't appear strong the global growth outlook will get slashed and that could keep oil prices heavy a while longer," he added.

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