

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly increased with Brent, and Los Angeles' LSMGO is trading at huge premiums over most other regional ports.

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

- **VLSFO prices up in New York (\$20/mt), Zona Comun (\$11/mt), Houston and Balboa (\$5/mt), and down in Los Angeles (\$2/mt)**
- **LSMGO prices up in Los Angeles (\$107/mt), New York (\$38/mt), Houston (\$17/mt) and Balboa (\$12/mt), and down in Zona Comun (\$60/mt)**
- **HSFO prices up in New York (\$12/mt), Balboa (\$9/mt), Los Angeles (\$8/mt) and Houston (\$3/mt)**

Los Angeles' LSMGO price has surged by \$100/mt in the past day, to trade at huge premiums over LSMGO prices in Houston (\$131/mt), New York (\$102/mt) and Balboa (\$115/mt).

Prompt availability for all grades is tight in Los Angeles. LSMGO is said to be relatively tighter there. Out of the few bunker suppliers there, two of them are running low on LSMGO stocks and await resupply cargoes. The limited supply of the grade has largely contributed to push the port's benchmark higher. Meanwhile, one supplier needs at least seven days of lead time to deliver LSMGO stems in the west coast port.

Los Angeles' VLSFO has dropped marginally in the past day, while its HSFO price has tracked Brent's upward movement. The diverging price moves have narrowed the port's Hi5 spread by \$10/mt to \$66 now.

Zona Comun's LSMGO price has countered Brent's upward movement to drop steeply in the past day. The price change has narrowed Zona Comun's massive LSMGO price premium over Los Angeles by \$167/mt in the past day.

Brent

The front-month ICE Brent contract has moved up by \$0.44/bbl on the day, to \$84.16/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Strong economic data from the US and supply cuts in the crude oil market have helped Brent to continue its upward movement this week.

The US gross domestic product (GDP) in second quarter grew at 2.4%, Reuters reported on Thursday, citing the US Commerce Department.

On the supply side, Saudi Arabia is expected to extend supply cuts into September, said Price Futures Group's analyst Phil Flynn.

"The speculation that Saudi Arabia is going to extend the lollipop production cut until the end of the year and more signs that Russia is acting to rein in production is going to solidify a floor for oil prices," he added in a note.

Downward pressure:

Brent has been under some pressure after the US Federal Reserve (Fed) hiked interest rates by another 0.25 basis point earlier this week.

The European Central Bank (ECB) also hiked interest rates after the Fed's announcement on Wednesday. Recent hikes in interest rates from central banks all over the world have been affecting the global demand outlook.

Additionally, oil market analysts have raised concerns about how and when China will roll out new policies to support its economic growth. China recently promised to boost growth in ten domestic sectors.

"We still need to wait for actual policies - the risk is that these policies fall short of expectations," ING's head of commodities strategy Warren Patterson said, referring to China's recent pledge.

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