

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, with the notable exception of Houston's LSMGO steeper price decline.

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

- **VLSFO prices up in Zona Comun (\$17/mt) and Balboa (\$4/mt), unchanged in Los Angeles, and down in Houston (\$4/mt)**
- **LSMGO prices up in Los Angeles (\$44/mt), New York (\$20/mt) and Balboa (\$6/mt), and down in Houston (\$86/mt) and Zona Comun (\$3/mt)**
- **HSFO prices up in Houston (\$28/mt), Balboa (\$4/mt) and Los Angeles (\$2/mt)**

Houston's LSMGO price has dropped steeply to reverse the previous day's gains. Two lower-priced LSMGO stems with prompt delivery have dragged the port's benchmark lower. Los Angeles' LSMGO price, on the other hand, has shot up to reverse its loss from the previous session.

The price changes have flipped Los Angeles' LSMGO price from a discount of \$22/mt to Houston, to a \$108/mt premium now.

Zona Comun's LSMGO price has fallen further in the past day. This has narrowed the port's premium over Los Angeles from \$85/mt yesterday, to \$38/mt now.

Houston's HSFO price has gained with Brent in the past day, while its VLSFO price moved counter and fell slightly. The diverging price moves have narrowed the Hi5 spread from \$107/mt yesterday, to \$75/mt now.

Bunker operations have been running smoothly at Zona Comun anchorage in Argentina. However, strong winds of up to 29 knots are forecast later today, which could delay bunkering or trigger a suspension there. Some suppliers are not quoting for prompt stems as they fear potential delays in barge product loadings and deliveries over the next week, a source says.

Brent

The front-month ICE Brent contract has gained \$0.35/bbl on the day, to \$85.28/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent gained upward momentum after the US oil inventory data by the American Petroleum Institute (API) showed a drop of 15.4 million bbls in the week ended 28 July, Reuters reported citing market sources.

The fall in US oil stocks has raised hopes of strong demand growth during the summer season in the world's largest oil consumer.

"Oil was the biggest gainer in July, wiping out all its cumulative losses from H1 to go flat on the year," said SPI Asset Management's analyst Stephen Innes.

Separately, the US government has offered to buy 6 million bbls of oil for the US Strategic Petroleum Reserve (SPR), a spokesperson from the US Energy Department told Reuters.

Oil investors are now waiting for more cues from the OPEC+ meeting later this week. They expect Saudi Arabia to announce an extension of its voluntary output cuts into September.

Downward pressure:

Brent futures felt some downward pressure amid growing concerns about China's economic recovery.

Market analysts argue that actual improvement in demand in the world's second-largest oil importer can only be seen if China discloses the strategies it has adopted to tackle COVID-19 outbreaks.

Additionally, further interest rate hikes by the US Federal Reserve (Fed) can also weigh down on Brent as a strong greenback makes commodities such as oil costlier for non-dollar buyers. The US Fed hiked interest rates by 25 basis points last week.

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