

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker benchmarks have moved in mixed directions, and Houston's HSFO is trading at rare discounts to Balboa and Los Angeles' HSFO benchmarks.

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

- **VLSFO prices up in New York (\$6/mt), Houston (\$3/mt), Los Angeles and Zona Comun (\$1/mt), and down in Balboa (\$22/mt)**
- **LSMGO prices up in Zona Comun (\$33/mt), New York (\$18/mt) and Houston (\$1/mt), and down in Balboa (\$6/mt) and Los Angeles (\$3/mt)**
- **HSFO prices up in Houston (\$21/mt) and New York (\$8/mt), and down in Balboa (\$20/mt) and Los Angeles (\$2/mt)**

Balboa's HSFO price has dropped over the weekend with pressure from two firm offers at lower levels. Houston's HSFO price has gained over the weekend, to flip its price discount of \$19/mt to Balboa, to a \$22/mt premium now.

Similarly, Los Angeles' HSFO price has also dropped over the weekend, to trade at a marginal \$4/mt discount to Houston's HSFO.

Meanwhile, Houston's VLSFO benchmark has gained marginally since Friday, to further narrow the port's HI5 spread from \$73/mt on Friday, to \$55/mt now.

Strong wind gusts ranging between 23-28 knots are forecast to hit Zona Comun today, which could delay bunker operations until tomorrow evening. Winds at the higher end of that range can pose problems to bunker deliveries by barge.

Brent

The front-month ICE Brent contract has gained \$0.26/bbl on the day from Friday, to \$85.76/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent gained upward momentum as extended crude oil production cuts announced by Saudi Arabia and Russia last week raised concerns about tight supply in oil markets.

Russia's crude seaborne exports in July saw a "significant drop", commented SPI Asset Management's analyst Stephen Innes. "A particularly sizable slide in Russian exports to India [in July], hint's that OPEC+ coordination likely drives much of Russia's increased compliance, in tandem with the extra 1 million b/d Saudi cut in July," he added in a note.

Brent also drew support from the US Federal Reserve chairman Jerome Powell's recent comments. Powell said that a probable "soft landing" in the US economy could be achieved soon, hinting at a pause in interest rate hikes and easing worries about a sluggish oil demand growth in the world's largest crude importer.

Downward pressure:

Concerns about a slow pace of economic growth in China amid recurring COVID-19 outbreaks has been weighing down on Brent futures. Oil investors are waiting for some concrete steps to boost demand growth in China after the Communist Party Politburo pledged to accelerate growth in the country's 10 economic sectors that are currently struggling with COVID-19 outbreaks.

"Indeed, this [China's steps to boost growth] is crucial for the outlook, as China is the main engine of oil demand growth, making up 60% of this year's expected global increment," Innes said.

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