

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, and one supplier in Peru's Callao has ceased HSFO offers amid low demand for the grade.

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

- **VLSFO prices up in Houston (\$25/mt), Zona Comun (\$15/mt) and Balboa (\$14/mt), unchanged in Los Angeles, and down in New York (\$6/mt)**
- **LSMGO prices up in Houston (\$43/mt), Balboa (\$35/mt), Zona Comun (\$22/mt) and New York (\$14/mt), and down in Los Angeles (\$9/mt)**
- **HSFO prices up in Balboa (\$21/mt) and Los Angeles (\$17/mt), unchanged in Houston, and down in New York (\$6/mt)**

Houston's LSMGO price has gained heavily in the past day with support from a firm offer at a higher level. Meanwhile, Los Angeles' LSMGO price has defied Brent's upward movement by falling in the past day. This has narrowed the port's premium over Houston by \$50/mt in the past day.

Balboa's VLSFO price has gained amid support from a higher-priced stem with non-prompt delivery fixed in the past day. New York's VLSFO, on the other hand, has dropped marginally to flip the port's \$10/mt VLSFO price premium over Balboa, to a \$10/mt discount now.

For over a month now, demand for HSFO in Peru's Callao has been muted. As a result, one supplier has halted HSFO offers in the port. At present, there is only one supplier that can offer immediate delivery of HSFO.

Currently, bunkering is running normally in Argentina's Zona Comun anchorage. But wind gusts of up to 30 knots are forecast to hit the region from Friday onwards, which could disrupt operations there.

Brent

The front-month ICE Brent contract has gained steeply by \$3.01/bbl on the day, to \$86.86/bbl at 09.00 GMT.

Upward pressure:

Brent futures gained upward momentum after the US Energy Information Agency (EIA) stated that tight global oil supply could drive the Brent price higher through the end of 2023 and the first half of 2024.

In its August short-term energy outlook report, the EIA has forecast the Brent spot price to average \$83/bbl in 2023 and \$86/bbl in 2024. This indicates an upward revision of \$2/bbl for both 2023 and 2024 from its July outlook.

The voluntary production cuts by OPEC+ since the beginning of July this year have helped Brent futures to move upward in recent days, with supply crunch being felt globally. Last week, Saudi Arabia announced the extension of its 1 million b/d output cut to include September, and Russia pledged to reduce its oil exports by 300,000 b/d starting September.

"We expect these factors will continue to reduce global oil inventories and put upward pressure on oil prices in the coming months," the EIA said.

Downward pressure:

Some downward pressure acting on Brent include recent data from the American Petroleum Institute (API) that showed an unexpected build of 4.07 million bbls in US crude oil stocks in the week that ended 4 August, as reported by Trading Economics.

Additionally, China's crude oil imports declined in July, after a surge in June, market intelligence provider JLC reported, citing data released by China's General Administration of Customs (GACC).

Concerns about sluggish demand growth in the world's largest crude importer have weighed down on Brent futures.

China's total crude oil imports in July were about 43.69 million mt, with daily imports averaging about 1.40 million mt, reported JLC.

Chinese trade data was broadly on the soft side for July, reflecting a slowdown in demand for commodities such as oil, said ING's head of commodities research Warren Patterson. "China's crude oil, copper, and iron ore imports softened as economic and industrial activity slowed," he further added.

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