ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have taken mixed directions over the weekend, and Houston's HSFO is priced at premiums over most regional ports.

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

- **VLSFO prices up in Houston ($16/mt), unchanged in Balboa, and down in New York ($8/mt) and Los Angeles ($7/mt)**
- **LSMGO prices up in New York ($9/mt), and down in Zona Comun ($44/mt), Houston ($26/mt), Balboa ($22/mt) and Los Angeles ($6/mt)**
- **HSFO prices up in Houston ($18/mt) and Balboa ($13/mt), and down in Los Angeles ($7/mt) and New York ($6/mt)**

Houston’s HSFO price has gained the most over the weekend. Meanwhile, HSFO prices in New York and Los Angeles have dropped with Brent. This has flipped Houston’s HSFO price discounts of $14/mt and $20/mt to New York and Los Angeles on Friday, to rare premiums of $10/mt and $5/mt, respectively.

Zona Comun’s LSMGO price has dropped heavily since Friday compared to Los Angeles’. This has narrowed Zona Comun’s LSMGO price premium over Los Angeles further, from $74/mt on Friday, to $36/mt now.

Zona Comun’s LSMGO price premium over the West Coast port has significantly narrowed from a peak of more than $400/mt at the beginning of this year. Zona Comun’s LSMGO premiums over New York and Balboa have come down by $229/mt and $179/mt since 1 January.

Bunker operations have been suspended in Zona Comun due to rough weather conditions. The area is currently experiencing strong gale-force wind gusts of up to 31 knots. A window of calm weather between Tuesday evening and Wednesday could enable bunker operations to resume in Zona Comun, before conditions are set to deteriorate again.

Brent

The front-month ICE Brent contract has dropped by $1.18/bbl on the day from Friday, to $85.72/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures gained upward momentum last week after the International Energy Agency (IEA) forecast global oil demand to grow by 2.2 million b/d in 2023.

“Deepening OPEC+ supply cuts have collided with improved macroeconomic sentiment and all-time high world oil demand,” stated the Paris-headquartered agency. “With output cuts hitting the heavy sour crude market hard, Dubai crude is trading at a rare premium to Brent,” it said.

Earlier this month, OPEC+’s two biggest producers, Saudi Arabia and Russia, announced further supply cuts into September to maintain “balance in the oil market”.

Brent futures have drawn support from rising tensions in the Black Sea. A Russian warship fired warning shots at a dry cargo ship heading for the Ukrainian port of Izmail on Sunday, triggering tensions around the Black Sea area for exports from Ukraine and Russia, including commodities like crude oil.

Downward pressure:

Disappointing Chinese crude oil import data has thrown cold water on further Brent gains. The world's biggest oil importing country has been struggling to revamp its growth engine after detrimental blows from lengthy Covid-19 restrictions.

“China will be forced to deliver more stimulus,” said OANDA’s senior market analyst Ed Moya said about China's recent pledge to ramp up the activity and consumption in 10 different economic sectors. However, no updates on these measures have been announced by the Communist Party Politburo - China’s state planner.

“China is key for global oil demand growth this year and the market has been getting increasingly concerned over the weaker-than-expected economic recovery,” said ING’s head of commodities strategy Warren Patterson.

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