

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Americas bunker benchmarks have moved in mixed directions over the past day, and Los Angeles' LSMGO price has jumped to its highest level in more than six months.

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

- **VLSFO prices up in Los Angeles (\$20/mt) and Zona Comun (\$18/mt), unchanged in Balboa, and down in Houston (\$9/mt)**
- **LSMGO prices up in Houston (\$33/mt), New York (\$31/mt) and Los Angeles (\$26/mt), and down in Zona Comun (\$47/mt) and Balboa (\$3/mt)**
- **HSFO prices down in Balboa (\$1/mt)**

Los Angeles' LSMGO price has defied Brent's downward movement by gaining in the past day and has hit its highest level since January. Meanwhile, Zona Comun's LSMGO price has fallen heavily in the past day. These two diverging price changes have flipped Zona Comun's \$36/mt premium over Los Angeles, to a rare \$37/mt discount now.

Los Angeles' LSMGO is also priced at premiums over other America's ports.

New York's LSMGO has also gained heavily in the past day, crossing the \$1,000/mt mark for the first time in the last six months. A higher-priced stem with prompt delivery has added more upward pressure to the port's LSMGO benchmark. New York's LSMGO price discount to Zona Comun has more than halved to \$59/mt, from \$137/mt yesterday.

Bunker operations have resumed in Zona Comun today, after being suspended yesterday due to bad weather conditions. Bad weather is again forecast between Thursday and Sunday, which could lead to another suspension.

## **Brent**

The front-month ICE Brent contract has shed \$0.58/bbl on the day, to trade at \$85.14/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

According to the International Energy Agency (IEA), oil markets are expected to tighten by the end of this year. Pressure will come from Saudi and Russian supply cuts through September and shrinking global inventories amid rising demand. The impending supply crunch could drive Brent higher this year, the IEA has forecast.

Meanwhile, US Strategic Petroleum Reserves (SPR) plunged below 350 million bbls in the week to 4 August, according to the US Energy Information Administration (EIA). This is the lowest level since August 1983.

As a cushion against potential supply disruptions, the low SPR level could expose the US to geopolitical shocks and sudden price fluctuations. As a result, the US could lose its strategic advantage of having access to cheap crude to mitigate sudden market shortfalls.

An EU official source has told Oilprice.com that Iraq does not want to resume oil supply from its Kurdistan-operated northern oil fields. This decision has kept nearly 450,000 b/d of Kurdish oil away from the global market.

### **Downward pressure:**

The downward pressure on Brent remains dominated by concerns about China's economic recovery after lengthy Covid-19 lockdowns. Declining Chinese oil imports in July have further dampened the sentiment.

China's crude oil imports declined by 19% in July compared to June, reported market intelligence provider JLC, indicating weakening demand from the world's largest oil importer.

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