

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Most benchmarks in the Americas have dropped with Brent, and bunkering is expected to be suspended again in Zona Comun due to rough weather.

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

- **VLSFO prices up in Zona Comun (\$1/mt), and down in Los Angeles (\$17/mt), Balboa (\$8/mt), New York (\$6/mt) and Houston (\$4/mt)**
- **LSMGO prices up in Zona Comun (\$38/mt) and Balboa (\$4/mt), and down in Los Angeles (\$39/mt) and New York (\$26/mt)**
- **HSFO prices down in Houston (\$16/mt), Balboa (\$11/mt), Los Angeles (\$6/mt) and New York (\$1/mt)**

Los Angeles' LSMGO price has dropped heavily to reverse the gains made the previous day. A lower-priced LSMGO stem with prompt delivery has dragged the port's benchmark lower. Zona Comun's LSMGO price, on the other hand, has shot up to reverse its loss from the previous session.

The price change has flipped Los Angeles' LSMGO price from a premium of \$37/mt over Zona Comun, to a \$40/mt discount now.

Balboa's LSMGO price has defied Brent's downward movement by gaining marginally in the past day. This has narrowed Balboa's LSMGO price discount to Los Angeles by \$48/mt in the past day.

Houston's HSFO price has dropped steeply compared to New York and Los Angeles. This has flipped Houston's HSFO price premiums of \$10/mt and \$5/mt over New York and Los Angeles, to \$5/mt discounts now.

In Argentina's Zona Comun, the calmer weather condition in the past day has helped suppliers to clear bunker backlogs from recent weather disruptions. However, bunker operations are expected to be disrupted again from tomorrow onwards due to strong wind gusts of up to 35 knots.

## **Brent**

The front-month ICE Brent contract has shed \$0.72/bbl on the day, to trade at \$85/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

The American Petroleum Institute (API) data cited by Trading Economics showed a decline of about 6.20 million bbls in US crude oil stocks in the week that ended 11 August, helping Brent futures to gain some upward support.

The Price Futures Group's market analyst Phil Flynn expected a decline of 3 million bbls, he said in a note. Oil investors are now waiting for the broadly followed US government data on crude oil stockpiles from the US Energy Information Administration (EIA).

Additionally, the US Strategic Petroleum Reserves (SPR) plunged below 350 million bbls in the week to 4 August, according to EIA. This is the lowest level since August 1983. Travel during the summer season in the US is expected to drive oil demand in the world's largest consumer, the EIA said.

### **Downward pressure:**

Brent futures came under pressure due to concerns about a slow pace of economic recovery in China against the backdrop of consecutive COVID-19 outbreaks.

"China concerns and a stronger USD ensured some downward pressure not just for oil, but the broader commodities complex," said ING's head of commodities strategy Warren Patterson.

Moreover, oil traders are anxious about more aggressive monetary tightening by the US Federal Reserve (Fed) when they convene for the next policy meeting in September. "The [Chinese] concerns were exacerbated by resurfacing anxieties about a more aggressive stance from the US Federal Reserve, causing a wholesale lack of interest in high-risk assets [commodities like crude oil]," said SPI Asset Management's analyst Stephen Innes.

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