

MARKET UPDATE AMERICAS

ENGINE



ENGINE: Americas Bunker Fuel Market Update

23/08/23

Bunker benchmarks have mostly declined in the Americas, and bunker operations have resumed in GOLA amid calmer weather.

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

- **VLSFO prices up in Zona Comun (\$10/mt) and Los Angeles (\$3/mt), and down in Houston (\$11/mt), Balboa (\$6/mt) and New York (\$2/mt)**
- **LSMGO prices up in Houston (\$23/mt), and down in Los Angeles (\$100/mt), New York (\$16/mt), Balboa (\$9/mt) and Zona Comun (\$4/mt)**
- **HSFO prices up in Houston (\$8/mt), and down in Balboa (\$15/mt)**

Los Angeles' LSMGO price has plunged by a massive \$100/mt in the past day, while Zona Comun's LSMGO price has fallen marginally. Despite Los Angeles' LNG price dropping significantly it continues to trade at a premium of \$63/mt over Zona Comun's.

Houston's HSFO price has moved counter to the general market direction by gaining in the past day. Meanwhile, the port's VLSFO price has made a sizeable loss, to narrow its Hi5 spread further from \$74/mt yesterday, to \$55/mt now.

Bunker operations have resumed in the Galveston Offshore Lightering Area (GOLA) this morning after being suspended since yesterday due to strong wind gusts led by the passing of Tropical Storm Harold.

Another Tropical Storm Franklin, which is passing through the island of Hispaniola in the Caribbean is expected to cause landslides and heavy flooding in the Dominican Republic and Haiti. However, bunker operations on the island are unlikely to be affected, a source says.

Brent

The front-month ICE Brent contract has shed \$0.66/bbl on the day, to trade at \$82.83/bbl at 08.00 CDT (13.00 GMT) today).

Upward pressure:

Recent US crude stocks figures from the American Petroleum Institute (API) provided some support to Brent futures. The industry body reported a decline of about 2.42 million bbls in US crude oil inventories in the week that ended 18 August.

Oil traders are now waiting for more cues from the US Energy Information Administration's (EIA) weekly oil inventory report, which is due to release later today.

News reports that the US government has added 500,000 bbls to its strategic petroleum reserve (SPR) provided more support to Brent futures, said Price Futures Group's market analyst Phil Flynn. "The Biden administration added 500,000 bbls to the SPR putting supply at 348.9 million bbls with a long road ahead before they replenish it," he added in a note.

The US government is refilling its SPR to cater to potential rise in the country's oil demand during the summer travel season, analysts said.

Downward pressure:

Oil prices remained under pressure amid speculations that the US Federal Reserve (Fed) and policymakers from the European Central Bank and the Bank of Japan (BoJ) would continue to hike interest rates in the coming months.

Policy makers from various central banks are expected to discuss inflation and interest rate hikes when they meet at the annual Jackson Hole symposium later this week.

Moreover, the Chinese government has not yet announced any concrete steps to boost consumption and demand in the country.

"China's macro issues, along with a growing expectation that maybe the US Fed is not done with its tightening cycle have weighed on oil more recently," said ING's head of commodities strategy Warren Patterson.

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