

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, and bad weather could disrupt Zona Comun bunkering from Sunday.

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

- **VLSFO prices up in Zona Comun (\$36/mt), Los Angeles (\$25/mt), Balboa (\$24/mt), New York (\$15/mt) and Houston (\$9/mt)**
- **LSMGO prices up in Balboa (\$21/mt), Houston (\$17/mt), Zona Comun (\$13/mt) and New York (\$9/mt), and down in Los Angeles (\$37/mt)**
- **HSFO prices up in Houston (\$15/mt), Balboa (\$13/mt), Los Angeles (\$12/mt) and New York (\$7/mt)**

Los Angeles' LSMGO price has again countered Brent's movement by dropping in the past day, while Zona Comun's LSMGO price has gained. This has narrowed Los Angeles' price premium over Zona Comun from \$64/mt, to just \$14/mt now.

Los Angeles' VLSFO price gain has outpaced that of its HSFO, to widen the port's Hi5 spread above the \$100/mt mark again. At \$108/mt, Los Angeles' Hi5 spread is almost in line with the spread of \$106/mt in Balboa.

Currently, bunkering is proceeding normally in Argentina's Zona Comun anchorage. However, bad weather conditions are forecast from Sunday, and could hamper bunkering until Wednesday.

Conducive weather conditions in Zona Comun this week, assisted several suppliers to offer VLSFO and LSMGO stems with a lead time of 4-5 days. But going forward, booked stems and potentially new offers could be delayed due to possible spells of rough weather next week.

Brent

The front-month ICE Brent has gained by \$1.04/bbl on the day, to trade at \$84.38/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Commercial US crude inventories were drawn by 6.13 million bbls on the week, to 433.52 million bbls on 18 August, according to the US Energy Information Administration's (EIA) latest data. This is the lowest stock level since December last year.

The oil market awaits US Federal Reserve (Fed) chairman Jerome Powell's speech at the Fed's annual summit in Jackson Hole, Wyoming. Meanwhile, Philadelphia Fed president Patrick Harker has suggested that the Fed could pause its current rate-hiking cycle.

"I'm in the camp of, let the restrictive stance work for a while, let's just let this play out for a while, and that should bring inflation down," Harker told CNBC. Harker is a voting member of the Fed's Open Market Committee, which decides Fed's key interest rates.

Downward pressure:

On the flip side, Powell could adopt a hawkish stance to combat the elevated level of inflation in the US. The prospect that Powell will signal additional hikes in the Fed's key interest rate has kept a lid on Brent's gains.

Reuters analyst John Kemp has reported that India's oil demand growth is slowing down at a time when oil consumption in China, the US and Europe remains relatively tepid. As production in non-OPEC countries continues to grow, this slowdown in demand may impede the market's ability to absorb surplus oil and weigh on Brent's price, Kemp said.

The Iranian oil minister has forecast a 100,000 b/d increase in crude oil production in September, from the current output level of 3.3 million b/d, according to Iran's state news agency IRNA. Iran will theoretically be able to export more oil to global markets with increased output, but lingering sanctions will make that unlikely.

By Debarati Bhattacharjee and Konica Bhatt

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