

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have taken mixed directions, and several ports in Florida shut operations as Hurricane Idalia hit the coastline.

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

- **VLSFO prices up in Houston (\$6/mt), and down in Balboa (\$29/mt) and Zona Comun (\$28/mt)**
- **LSMGO prices up in Los Angeles (\$15/mt), New York and Balboa (\$10/mt), and down in Houston (\$30/mt) and Zona Comun (\$15/mt)**
- **HSFO prices up in Balboa (\$5/mt) and Houston (\$4/mt)**

Los Angeles' LSMGO price has gained again with support from a higher-priced stem fixed in the past day. Meanwhile, Zona Comun's LSMGO price has dropped, to widen its discount to Los Angeles from \$25/mt, to \$55/mt now.

Balboa's VLSFO price has dropped with pressure from a lower-priced stem fixed in the past day. While the port's HSFO price has gained, to narrow its Hi5 spread below \$100/mt-mark again. At \$80/mt, Balboa's Hi5 spread is slightly narrower than the spreads of \$82/mt and \$90/mt in New York and Houston.

Bunker deliveries are suspended in the Bahamas' Freeport due to strong wind gusts of up to 41 knots. Weather conditions are forecast to remain bad tomorrow as well, which could cause more delays and disruptions.

Hurricane Idalia made landfall in Florida's west coast Big Bend region earlier today. All operations have been suspended in the Port of Tampa, SeaPort Manatee, Port Panama City, Port of Jacksonville and Port St. Pete.

The hurricane is expected to move across southern Georgia and the southern Carolina region later today and tomorrow, according to the US National Hurricane Center (NHC).

## **Brent**

The front-month ICE Brent has gained by \$0.99/bbl on the day, to trade at \$85.72/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure:**

Money managers, such as energy-focussed hedge fund investors have 274,260 long positions in Brent futures, compared to 52,573 short positions as of 22 August, according to Commitments of Traders data released by the Commodity Futures Trading Commission. More long positions than short positions indicate that money managers expect Brent futures to rise in the near future.

American Petroleum Institute (API) estimates indicate that US commercial crude inventories have plunged by 11.49 million bbls in the week that ended 25 August, according to Trading Economics. The decline has far exceeded the 3.3 million-bbl draw estimated by analysts polled by Reuters.

“We expect to see another substantial drawdown in the Cushing, OK delivery point, and we will see those supplies fall below 30 million barrels this week,” said Phil Flynn, analyst at the Price Futures Group.

Additionally, Hurricane Idalia is forecast to make landfall as a Category 4 hurricane on Florida's west coast. The hurricane's potential to disrupt oil production and supply in the US has further supported oil prices.

### **Downward pressure:**

Meanwhile, OPEC's “fragile five” members [the nations which struggled with supply disruptions] – Iran, Iraq, Libya, Nigeria, and Venezuela - will now add more oil supply to the global market while demand remains modest, Ed Morse, global head of commodities strategy at Citi has told CNBC. Morse

Morse has predicted that Iran, Iraq, Libya, Nigeria and Venezuela could add around 900,000 b/d of crude oil this year in the market. “Even the US is going to be adding to the supply in the next five months,” he added.

*By Debarati Bhattacharjee and Konica Bhatt*

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