

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 bunkering in Zona Comun.

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

- **VLSFO prices up in Balboa (\$14/mt) and Zona Comun (\$11/mt), and down in Houston (\$2/mt)**
- **LSMGO prices up in Zona Comun (\$50/mt), Los Angeles (\$22/mt), Houston (\$6/mt) and Balboa (\$1/mt), and down in New York (\$38/mt)**
- **HSFO prices up in Balboa (\$25/mt) and Houston (\$11/mt)**

Zona Comun's LSMGO price has gained significantly in the past day. Meanwhile, New York's LSMGO price has fallen steeply, to widen its price discount to Zona Comun from \$18/mt yesterday, to a massive \$106/mt now.

In Los Angeles, the HSFO benchmark has shed \$33/mt in the past week, while the VLSFO benchmark remained steady. This has widened the port's Hi5 spread by \$33/mt over the past week. Los Angeles' HSFO price is currently trading at a discount to other regional bunker ports.

HSFO demand in Los Angeles has been very low this week, but suppliers can still supply the grade for prompt dates in the port.

Prompt availability of VLSFO and LSMGO is normal in Argentina's Zona Comun amid calmer weather conditions this week. However, high winds of up to 35 knots are forecast to hit Zona Comun over the weekend, which could trigger suspension or cause delays.

Brent

The front-month ICE Brent has jumped by \$2.24/bbl on the day, to trade at \$87.96/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures have gained around 4% over the past week, reaching nearly a 4-week high above \$87/bbl. The price surge has been driven primarily by concerns about tightening oil supply.

Russia's deputy prime minister Alexander Novak confirmed that the Kremlin agreed to reduce its oil supplies to foreign markets at a meeting held by Russian President Vladimir Putin, reported Russian state agency TASS.

Russia could extend its 500,000 b/d voluntary production cut into October. Saudi Arabia is also expected to extend its 1 million b/d output cut to include October. Output cut extensions by Russia and Saudi Arabia will further squeeze oil supplies and drive Brent futures higher.

Meanwhile, US commercial crude inventories have plunged by 34 million bbls since July, according to Reuters analyst John Kemp. The country has less than 400 million bbls of oil in its emergency reserves, which could impede its ability to release more oil into the market to offset tight supply.

Downward pressure:

China's manufacturing activity slightly improved in August but remained in the contraction territory for the fifth straight month, Caixin Global reported citing China's official data.

China's data "continues to paint the picture of a sluggish economy that's showing few signs of bouncing back stronger," OANDA's senior market analyst, Craig Erlam has said.

Brent may weaken if oil output from Iran, Iraq and Venezuela rises and offsets some of the supply shortage in the global market. "Iran's oil exports are well over 2 million barrels a day, currently close to 2.2 million barrels a day," Phil Flynn, analyst at the Price Futures Group has written in a note.

"Iran, that was forced to stockpile crude oil and condensates into floating storage, saw those supplies go over 100 million barrels. Now those supplies have fallen to under 30 million barrels as the Biden team turned a blind eye to enforcement," he added.

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