ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in most Americas ports have tracked Brent's gains over the weekend, and bunkering has been suspended again in Zona Comun.

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

- **VLSFO prices up in Balboa ($17/mt), Zona Comun ($14/mt), Los Angeles ($7/mt), Houston and New York ($6/mt)**
- **LSMGO prices up in Zona Comun ($13/mt) and Los Angeles ($10/mt), and down in New York ($41/mt), Balboa ($37/mt) and Houston ($22/mt)**
- **HSFO prices up in Los Angeles and New York ($5/mt), and down in Balboa ($17/mt) and Houston ($7/mt)**

Houston has seen a jump in the number of stems fixed over the weekend. Seven stems have been recorded by ENGINE, out of which five stems have been for LSMGO and one each for VLSFO and HSFO. All the LSMGO stems were fixed at lower prices than Houston's benchmark noted on Friday, pulling the benchmark lower.

Balboa's HSFO price has dropped over the weekend, while the port's VLSFO benchmark has gained. This has widened Balboa's Hi5 spread above the $100/mt mark. At $109/mt, Balboa's Hi5 spread is narrower than the spread of $143/mt in Los Angeles, but wider than the spreads of $77/mt and $94/mt in New York and Houston, respectively.

Bunker operations have been suspended in Zona Comun due to rough weather conditions. The area is currently experiencing strong gale-force wind gusts of up to 28 knots. A window of calm weather tomorrow evening could enable bunker operations to resume in Zona Comun before conditions are set to deteriorate again.

Due to persistent weather-induced disruptions, both VLSFO and LSMGO fuel grades are in tight availability in Zona Comun, requiring 10-12 days of lead time.

Brent

The front-month ICE Brent contract has gained $0.57/bbl on the day from Friday, to trade at $88.53/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures extended last week's gaining streak as expectations grew that the leaders of Organisation of the Petroleum Exporting Countries and its allies (OPEC+) would continue to tighten oil supply.

Last week, Russia's deputy prime minister Alexander Novak stated that the Kremlin agreed with the OPEC members on parameters to extend production cuts. More details about the output cuts are expected this week.

Meanwhile, oil analysts expect OPEC's leader Saudi Arabia to also extend its voluntary 1 million b/d output cut into October.

"Speculation is now growing that Riyadh may extend these supply restrictions into October, further constraining global oil supply and prompting reductions in oil inventories," said SPI Asset Management's managing partner Stephen Innes.

Another round of production cut by Saudi Arabia could help Brent break above $90/bbl level, commented ING's head of commodities strategy, Warren Patterson.

Downward pressure:

Meanwhile, Brent futures face some downward pressure as oil production in some OPEC member nations have increased in recent days, analysts said.

This comes as OPEC members including Iran, Libya, Nigeria and Venezuela remain exempted from the group's production cuts, said Patterson.

Iran is expected to increase its oil output to around 3.4 million b/d by the end of summer. This will bring Iran's oil production near pre-sanction levels of 3.8 million b/d, Patterson said in a note.

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