

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

08/09/23

Bunker benchmarks in the Americas ports have taken mixed directions, and Hurricane Lee continues to pose a threat to vessels in the Caribbean.

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

- **VLSFO prices up in New York (\$4/mt) and Zona Comun (\$2/mt), unchanged in Balboa, and down in Los Angeles (\$12/mt) and Houston (\$3/mt)**
- **LSMGO prices up in Houston (\$25/mt) and Zona Comun (\$4/mt), and down in Los Angeles (\$12/mt), Balboa (\$9/mt) and New York (\$3/mt)**
- **HSFO prices up in Los Angeles (\$16/mt), New York (\$7/mt) and Houston (\$5/mt), and down in Balboa (\$4/mt)**

Houston has seen a jump in stems fixed so far this week, following a period of muted demand in the previous week. 15 stems have been recorded by ENGINE since Monday. Out of the 15 stems, eight stems have been for LSMGO, five for VLSFO and two for HSFO.

Houston's LSMGO price has gained the most in the past day. Despite the steep gain, the port's LSMGO benchmark continues to trade at a discount over other major Americas ports.

Los Angeles' VLSFO price has dropped in the past day, while the port's HSFO price gained, narrowing its Hi5 spread from \$145/mt yesterday, to \$117/mt now.

Hurricane Lee has strengthened into a 'Category 5' storm and is expected to approach the northern Leeward Islands and Puerto Rico over the weekend. These islands are located at the intersection of the Caribbean Sea and the western Atlantic Ocean. The National Hurricane Center has warned of large ocean swells that are expected to reach the Lesser Antilles later today and the US and British Virgin Islands, Puerto Rico, the Bahamas, Bermuda and Hispaniola by the weekend.

Brent

The front-month ICE Brent contract has shed \$0.35/bbl on the day, to trade at \$90.75/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Supply cut extensions announced by top oil producers Saudi Arabia and Russia have helped Brent futures to rise this week. Both countries announced on Tuesday that they will extend their supply cuts to the end of this year.

Brent drew additional support from the US Energy Information Administration's (EIA) latest data that showed a dramatic fall of 6.31 million bbls in commercial US crude inventories in the week that ended 1 September.

The current US crude stocks stand at 416.64 million bbls, which is the lowest level since June last year, according to EIA. The weekly stock draw was bigger than the 5.52 million bbl-draw estimated by the American Petroleum Institute (API) earlier this week.

This large draw in US crude oil inventories was "driven by strong crude oil exports," said ING's head of commodities strategy, Warren Patterson. "EIA weekly inventory data, which was delayed by a day due to a public holiday earlier in the week in the US, was fairly constructive," he further added.

Downward pressure:

Meanwhile, Brent futures felt some downward pressure amid concerns about a slow pace of economic recovery in China.

"Evident structural challenges have caused the Chinese economy to teeter toward outright deflation," said SPI Asset Management's managing partner Stephen Innes.

By Debarati Bhattacharjee and Aparupa Mazumder

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