ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly increased with Brent, and bunkering has been suspended again in Zona Comun amid bad weather.

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

- **VLSFO prices up in New York ($54/mt), Zona Comun ($28/mt), Balboa ($8/mt), Los Angeles ($5/mt) and Houston ($4/mt)**
- **LSMGO prices up in Houston ($11/mt), Los Angeles ($8/mt), New York and Zona Comun ($7/mt), and down in Balboa ($20/mt)**
- **HSFO prices up in Houston ($5/mt), New York and Los Angeles ($4/mt) and Balboa ($3/mt)**

Balboa’s LSMGO price has defied Brent’s upward movement and dropped in the past day. Meanwhile, New York and Houston’s LSMGO prices have gained, with support from several firm offers at higher levels. The price changes have flipped Balboa’s LSMGO price premiums of $22/mt and $27/mt over New York and Houston, to $5/mt and $4/mt discounts now.

The VLSFO price in Zona Comun has gained more than in other ports, with support from a higher-priced VLSFO stem fixed in the past day. Zona Comun’s VLSFO benchmark is trading at a premium over other regional ports.

Bunker operations was suspended at Argentina's Zona Comun anchorage this morning due to strong wind gusts. Rough weather conditions are forecast to persist throughout next week, which could cause prolonged delays and disruptions, a source says.

The availability of both VLSFO and LSMGO has become extremely limited at Zona Comun after bouts of weather disruptions and a refinery outage in the region.

Bunkering has been progressing normally in New York. However, strong wind gusts are forecast later today, which could impact bunkering.

Brent

The front-month ICE Brent contract has gained $0.53/bbl on the day, to trade at $93.72/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Recent economic data from China has supported Brent futures. The oil market turned positive about China's economic health after the country's National Bureau of Statistics reported better-than-expected retail sales growth and industrial output in August, reports Reuters.

Any sign of an economic rebound in China would suggest strong demand growth in the world's largest crude oil-importing nation, thereby helping oil prices to move up.

"China's August figures revealed that retail sales and factory output exceeded forecasts, painting a positive economic picture," says SPI Asset Management's managing partner Stephen Innes.

The collective 1.3 million b/d output reduction pledged by Saudi Arabia and Russia earlier this month has underpinned Brent's move well above the $90/bbl mark.

"Currently, there are clear indications of short-term strength in the market," says Innes.

"This significant increase [in oil prices] is attributed to the intentional output reductions by major oil-producing countries such as Saudi Arabia and Russia," he adds.

Downward pressure:

Meanwhile, these broader OPEC+ output cuts have been creating distortions within the oil market, especially with a deficit in medium sour crude grade, argues ING's head of commodities strategy Warren Patterson.

"The recent price strength might give the Saudis the confidence to start unwinding these cuts – too aggressively and it could put renewed pressure back on the market," he adds.

After the recent surge in oil prices, oil traders are expected to trade cautiously as "[Brent] futures are approaching overbought territory," says Innes.

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