

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have taken mixed directions, and bunker operations have been suspended by high winds in Zona Comun.

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

- **VLSFO prices up in Zona Comun (\$13/mt), Houston (\$8/mt) and Los Angeles (\$3/mt), and down in Balboa (\$27/mt) and New York (\$3/mt)**
- **LSMGO prices up in Balboa (\$17/mt), Los Angeles (\$4/mt) and New York (\$2/mt), and down in Houston (\$10/mt)**
- **HSFO prices up in Houston (\$7/mt), Balboa (\$2/mt) and New York (\$1/mt), and down in Los Angeles (\$1/mt)**

Balboa's VLSFO price has dropped steeply with pressure from a lower-priced stem fixed over the weekend, while Houston's VLSFO price has gained with Brent. This has flipped Balboa's VLSFO premium of \$9/mt over Houston, to a \$26/mt discount.

Balboa's HSFO price has risen over the weekend, to narrow the port's Hi5 spread from \$94/mt on Friday, to \$65/mt now.

Bunker operations remain suspended in Argentina's Zona Comun due to strong wind gusts of up to 33 knots. Rough weather conditions are forecast throughout this week, which could keep bunkering suspended and lead to a rise in bunker backlogs there.

Securing stems for VLSFO and LSMGO remains "extremely difficult" in Zona Comun and lead times can stretch up to the first week of October.

Brent

The front-month ICE Brent contract has gained by \$1.07/bbl on the day from Friday, to trade at \$94.79/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Brent futures gained support after market intelligence provider JLC reported that China's crude refining run rate hit a record high in August amid strong demand.

China processed 64.69 million mt of crude in August with a daily throughput of 15.23 million b/d, an increase of 19.6% from August 2022, JLC reported citing data released by China's National Bureau of Statistics (NBS).

Energy analysts expect that signs of improvement in China's economy will help boost demand growth in the country. "The short-term crude demand outlook gets a boost from improving Chinese economic data," said OANDA's senior market analyst Ed Moya.

Downward pressure:

The upcoming decision by the US Federal Reserve (Fed) on interest rate hike is a "significant focal point" for oil investors, said SPI Asset Management's managing partner Stephen Innes. US Fed officials are scheduled to meet at the Federal Open Market Committee (FOMC) meeting on 19-20 September.

The recent surge in oil prices can add further inflationary pressure and prompt the Fed to continue raising interest rates, Innes said.

"The Fed may continue its efforts to combat inflation and gradually normalize monetary policy as it monitors economic conditions and inflationary pressures," added Innes.

Higher interest rates discourage borrowing and spending, which leads to a decline in economic activity and fuel demand.

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