

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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LSMGO prices are down with declining ULSD futures, and rough conditions can hold back Zona Comun bunkering at the start of the week.

Changes on the day from Friday, to 07.00 CST (13.00 GMT) today:

- **VLSFO prices up in Balboa (\$2/mt), and down in Los Angeles and Zona Comun (\$8/mt), New York (\$7/mt) and Houston (\$5/mt)**
- **LSMGO prices down in Balboa (\$56/mt), New York (\$35/mt), Houston and Los Angeles (\$11/mt)**
- **HSFO prices up in Balboa (\$5/mt), and down in Houston (\$23/mt), New York (\$11/mt) and Los Angeles (\$6/mt)**

LSMGO prices have come down sharply over the weekend, especially in Balboa, where prices are now at parity with the typically lower-priced New York.

Prices for LSMGO are down amid a 1% drop in NYMEX ULSD futures.

Balboa's VLSFO and HSFO prices have moved slightly up against the wider market. Its VLSFO price has flipped to a \$5/mt premium over New York, and widened its premium over Houston to \$11/mt.

Availability is generally good for all grades with a supplier in Balboa and Cristobal able to supply in the first week of October.

High winds peaking at 37-42 knots are forecast in Zona Comun today and tomorrow. Bunker disruptions are possible, sources say. Availability of VLSFO and LSMGO has been tight for deliveries at the Argentinian anchorage location. One supplier's earliest delivery date is almost two weeks out.

A 500-1,500 mt VLSFO stem fixed in Zona Comun has pulled its benchmark down. It is now at premiums over most Brazilian ports, except Santos and Fortaleza.

Brazilian ports have good availability. A supplier can deliver VLSFO and LSMGO with 0-3 days of lead time in Rio Grande, Rio de Janeiro, Salvador and Itaqui.

Brent

Front-month ICE Brent has come off by \$0.96/bbl on the day since Friday, trading at \$93.37/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

The market has looked past last week's US interest rate freeze and reshifted its focus back to tight supply. Russia's temporary ban on road fuel exports has continued to help Brent futures move upward.

"The oil market has held relatively steady in recent days with tightness in the physical market coupled with Russia's recent export ban on diesel and gasoline," said analysts at ING.

"Russia yielded its energy weapon by banning exports of diesel and gasoline in a market that is short of both," said the Price Futures Group's senior market analyst Phil Flynn.

Downward pressure:

The surge in oil prices has contributed to an "uptick in headline inflation," said SPI Asset Management's managing partner Stephen Innes. This is "raising concerns about the impact on consumers and the [US] Federal Reserve's [Fed] next actions," he added.

Even though the US Fed kept its interest rates unchanged in the latest the US Federal Open Market Committee (FOMC) meeting, market analysts expect this "hawkish" pause in the hiking cycle to keep the window open for future rate hikes.

Higher interest rates can put further downward pressure on Brent as it affects consumer spending and fuel demand.

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