

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

30/11/21

Americas bunker prices have come under renewed pressure from tumbling Brent values, and availability of prompt product has tightened further in Panama.

Changes on the day to 08.30 CST (14.30 GMT) today:

VLSFO prices up in Balboa (\$7/mt), and down in Houston (\$35/mt) and Zona Comun (\$19/mt)

LSMGO prices down in Balboa (\$25/mt), New York (\$21/mt) and Houston (\$18/mt)

HSFO380 prices up in Houston (\$20/mt), and down in Balboa (\$15/mt)

Bunkering schedules are under pressure across a range of key ports in the Americas. Suppliers having tight availability for prompt dates in US Gulf Coast ports, New York, Los Angeles and Long Beach.

Fuel availability remains limited in Vancouver, just over two weeks after a pipeline supplying the port was taken offline before a storm damaged other critical infrastructure. Another bout of heavy rains hit the region on Sunday, with flooding preventing workers from accessing the pipeline since. The pipeline's operator, Trans Mountain, now says a restart of the pipeline is days away.

VLSFO volumes are running low with a supplier in Corpus Christi, while another can supply with 3-4 days of lead time.

Several suppliers have limited availability for early December deliveries in Panama. Their earliest dates range between 7-10 days out for VLSFO and LSMGO in Balboa and Cristobal. One supplier no longer offers VLSFO.

Prompt supply of VLSFO and LSMGO has improved in Zona Comun, meanwhile. A supplier can accommodate next-day delivery, while others also have product to supply on prompt dates.

Brent

Front-month ICE Brent has made another steep drop, tumbling \$5.62/bbl lower on the day to 08.30 CST (14.30 GMT) today, when it traded at \$70.86/bbl.

The futures contract is trading at its lowest intraday values since late August after vaccine maker Moderna told the Financial Times that current vaccines are unlikely to have the same efficacy against the recently discovered Omicron variant.

“There is no world, I think, where [the effectiveness] is the same level...we had with [the] Delta [variant],” Moderna chief executive Stéphane Bancel said.

Several countries have banned flights from southern African states, where the Omicron was first discovered. Japan, Morocco and Israel have banned foreign travellers from entering their countries altogether. Australia has pushed back reopening its borders by two weeks.

US President Joe Biden said Omicron is a “cause for concern, not panic”, saying a domestic lockdown is not on the cards now.

With a backdrop of extra barrels being added through a US-led release of strategic petroleum reserves, and the Omicron variant denting the oil demand outlook, OPEC and its allies, including Russia, could be swayed to hold back its planned 400,000 b/d supply increase for January.

“OPEC+ pushed their meetings to better assess the impact of the Omicron variant, which will most likely be followed by a delay in delivering an extra 400,000 barrels a day in January,” OANDA analyst Ed Moya said.

However, Saudi Arabia’s energy minister said yesterday he is not worried about Omicron, while Russia’s deputy prime minister cautioned against hasty actions.

The information contained in this document is provided in agreement with Integr8 Fuels and the Engine platform. This is reference only and should not be used for any other purposes. It should not be reproduced or used in any way without the consent of Engine. The information provided in this communication is not intended for retail clients. It is general in nature only and does not constitute advice or an offer to sell, or the solicitation of an offer to purchase any swap or other financial instruments, nor constitute any recommendation on our part. The information has been prepared without considering your investment objectives, financial situation, or knowledge and experience. This material is not a research report and is not intended as such. FIS is not responsible for any trading decisions taken based on this communication. Trading swaps and over-the-counter derivatives, exchange-traded derivatives, and options involve substantial risk and are not suitable for all investors. You are advised to perform an independent investigation to determine whether a transaction is suitable for you. No part of this material may be copied or duplicated in any form by any means or redistributed without our prior written consent. Freight Investor Services Ltd (FIS) is authorised and regulated by the Financial Conduct Authority (FRN: 211452) and is a member of the National Futures Association (“NFA”). Freight Investor Services PTE Ltd ('FIS PTE') is a private limited company, incorporated and registered in Singapore with company number 200603922G, and has subsidiary offices in India and Shanghai. Freight Investor Solutions DMCC ('FIS DMCC') is a private limited company, incorporated and registered in Dubai with company number DMCC1225. Further information about FIS including the location of its offices can be found on our website at freightinvestorservices.com