

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

22/12/22

Bunker benchmarks have taken mixed directions in the Americas, and rough weather continue to disrupt bunker deliveries in GOLA.

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

**VLSFO prices up in Los Angeles (\$14/mt), Zona Comun (\$13/mt), Houston (\$12/mt) and New York (\$8/mt), and down in Balboa (\$13/mt)**

**LSMGO prices up in Zona Comun (\$30/mt) and Balboa (\$6/mt), and down in New York (\$9/mt) and Houston (\$4/mt)**

**HSFO prices up in Balboa (\$5/mt), and down in Houston (\$25/mt) and New York (\$4/mt)**

Houston's HSFO benchmark lingers close to multi-month low levels. It shed \$25/mt in the past day amid downward pressure from lower-priced indications. This has further contributed to widen Houston's HSFO discount to Balboa by another \$30/mt to \$86/mt now.

On the contrary, Houston's VLSFO price gained \$12/mt amid upward pressure for higher priced indications and stem.

All grades remain slightly tight for prompt dates in the Houston area and bunker locations off the Gulf Coast. Some suppliers can deliver stems for prompt dates, while others wary to confirm prompt delivery stems amid the possibility of fog disruptions, a source says.

Lead times of 5-7 days are generally recommended in Houston to ensure full coverage from suppliers, down from last week's 7-9 days.

Suppliers in the Galveston Offshore Lightering Area (GOLA) struggle to deliver stems amid intermittent rough weather since last weekend. Some suppliers are trying to deliver stems in GOLA as and when weather permits, but have mostly halted deliveries otherwise, sources say.

The calmer weather forecast from Monday onwards, could allow some suppliers to resume full operations, sources say. But simultaneously cautioned about a significant rise in bunker backlog.

Gale-and storm wind gusts of nearly 50 knots is forecast tomorrow at GOLA, making bunker deliveries virtually impossible. Meanwhile, suppliers continue to deliver stems as scheduled at the more sheltered Port of Galveston and no delays have been reported there, a source says.

## Brent

Front-month ICE Brent has gained \$1.57/bbl on the day, to \$83.34/bbl at 07.00 CST (13.00 GMT).

### Upward pressure:

Commercial US crude oil stocks have declined by 5.89 million bbls to a two-week low of 418.23 million bbls in the week to 16 December, according to data by the Energy Information Administration.

The draw superseded predictions of a 1.6 million-bbl drop from analysts polled by Reuters and is also much higher than the projection of a 3.07 million-bbl drop by the American Petroleum Institute.

Volumes of crude released from strategic petroleum reserves (SPR) declined from the previous week's 4.74 million bbls to 3.64 million in the week to 16 December. The US Department of Energy will buy up to 3 million bbls to replenish SPRs in February next year at a price below \$96/bbl.

Also supporting Brent prices are winter storm warnings in the US, which may boost heating oil demand while depleting supplies following the closure of the Keystone Pipeline. Canadian pipeline operator TC Energy has stated that upcoming cold weather in the area might slow down oil spill clean-up efforts.

### Downward pressure:

A growing wave of Covid cases coupled with the reports of a new COVID variant in China has again put China's demand concerns back in the spotlight for oil markets.

World Health Organization chief Tedros Adhanom Ghebreyesus has expressed concern about the nation's health, urging China's government to intensify its vaccination campaign.

The looming recession is putting a damper on the oil markets as the year ends. Analysts and economists have all univocally urged caution, especially for the US and European economies, predicting a "mild to serious" recession next year.

A global economic analyst firm has issued a grim warning, stating that data on China's manufacturing and service sectors' business confidence suggests that the world's biggest oil importer may head into a recession next year.

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