

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

12/09/23

Americas bunker prices have mostly gained with Brent, especially LSMGO prices, which have shot up in most bunker ports.

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

- **VLSFO prices up in Houston (\$2/mt) and Los Angeles (\$1/mt), and down in Zona Comun (\$16/mt), Balboa (\$4/mt) and New York (\$1/mt)**
- **LSMGO prices up in Balboa (\$51/mt), New York (\$49/mt), Houston (\$41/mt), Zona Comun (\$13/mt) and Los Angeles (\$4/mt)**
- **HSFO prices up in Balboa (\$7/mt), New York (\$4/mt), Houston (\$3/mt) and Los Angeles (\$2/mt)**

LSMGO prices in several major ports in the Americas have jumped heavily in the past day. The fuel grade is trading above the \$1,000/mt- price mark in most of the regional ports.

Houston's LSMGO price has gained, with support from a higher-priced LSMGO stem fixed in the past day. Similarly, Balboa's LSMGO price has also jumped, with support from two firm offers at higher levels. LSMGO benchmarks in both Houston and Balboa are trading at their highest levels since January.

Balboa's VLSFO price has countered Brent's upward movement and dropped marginally in the past day. One lower-priced 500-1,500 mt prompt delivery stem fixed today has contributed to drag the port's benchmark lower. Meanwhile, the port's HSFO price has gained, to narrow its Hi5 spread further from \$73/mt yesterday, to \$62/mt now.

Bunker operations have resumed in Zona Comun today after being suspended yesterday due to bad weather conditions. Strong wind gusts of up to 41 knots are forecast again from Thursday onwards, which could trigger another suspension.

## **Brent**

The front-month ICE Brent contract has moved up \$1.14/bbl on the day, to trade at \$91.71/bbl at 08.00 CDT (13.00 GMT) today.

### **Upward pressure**

Brent crude futures remain well-supported amid tight supply in the global market. The front-month ICE Brent contract rose above the \$90/bbl mark earlier this month, after Saudi Arabia and Russia announced extended supply cuts through the end of this year.

The total supply cut pledged by Saudi Arabia and Russia until December 2023 sums up to about 1.3 million b/d.

The supply cuts have pushed oil prices higher, said the Price Futures Group's senior market analyst Phil Flynn. Moreover, "we should see more crude draws this week [in the US], he said.

### **Downward pressure:**

Brent futures face some downward pressure amid fears of more interest rate hikes this year by the US Federal Reserve (Fed) and other central banks.

Analysts have said that Brent's gains will be capped if Fed officials decide to have another round of interest rate hike when they meet in November.

Additionally, the European Central Bank (ECB) is expected to decide on interest rate hike later this week.

*By Debarati Bhattacharjee and Aparupa Mazumder*

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](https://freightinvestorservices.com)