ENGINE: Americas Bunker Fuel Market Update

13/09/23

Bunker benchmarks in Americas ports have taken mixed directions, and Houston's LSMGO discount to Zona Comun has narrowed.

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

- **VLSFO prices up in Los Angeles ($13/mt), Balboa ($10/mt) and Houston ($8/mt), and down in Zona Comun ($5/mt) and New York ($1/mt)**
- **LSMGO prices up in Los Angeles ($12/mt), Houston ($10/mt) and New York ($4/mt), and down in Zona Comun ($21/mt) and Balboa ($3/mt)**
- **HSFO prices down in Los Angeles ($14/mt), Balboa ($13/mt), Houston ($9/mt) and New York ($6/mt)**

Houston's HSFO price has dropped with pressure from a firm offer at a lower level. Meanwhile, the port's VLSFO price has gained, with support from several firm offers at higher levels. The price changes have widened the port's Hi5 spread from $95/mt yesterday, to $112/mt now.

Houston's LSMGO benchmark has also gained in the past day. The grade has been quoted in an incredibly wide $83/mt range, with offers at the higher end of the range supporting the benchmark's rise. Zona Comun's LSMGO price, on the other hand, has dropped since yesterday, to narrow its LSMGO premium over Houston from $99/mt yesterday, to just $16/mt now.

Houston's LSMGO price continues to trade at its highest level since January.

Availability of LSMGO and VLSFO in Houston remains good. Most suppliers are able to offer both fuel grades within 4-5 days of lead time. Meanwhile, HSFO availability is tight in Houston, where there is limited product availability with most suppliers.

Bunker operations have been running smoothly at Zona Comun anchorage. However, strong winds of up to 37 knots are expected to hit the area again from tomorrow evening onwards, which could delay bunkering or trigger a suspension there.

Brent

The front-month ICE Brent contract has gained $0.68/bbl on the day, to trade at $92.39/bbl at 08.00 CDT (13.00 GMT) today.

Upward pressure:

Oil prices remained supported amid growing concerns about supply tightening in the global market. These concerns have been exacerbated after Saudi Arabia and Russia decided to extend production cuts through to the end of the year.

Brent futures have gained more support after Libya's state-owned National Oil Corporation (NOC) advised its affiliated oil companies to halt operations due to heavy flooding caused by Hurricane Daniel. Four of Libya's eastern oil export terminals were closed due to the hurricane, Reuters reported.

Additionally, the Organization of the Petroleum Exporting Countries (OPEC) has projected total world oil demand to average 102.1 million b/d in 2023 and increase to average 104.3 million b/d in 2024.

"The OPEC report gave [oil] prices an extra boost," said OANDA's market analyst Criag Erlam.

Downward pressure:

Meanwhile, the American Petroleum Institute (API) has reported a 1.17 million bbl-rise in US crude inventories in the week that ended 8 September.

Oil investors are now waiting for the US Consumer Price Index (CPI) data that is due later today to get fresh cues about inflationary pressures. Softer inflation data could avert an immediate hike in the interest rate by the US Federal Reserve (Fed), which in turn could drive demand for dollar-denominated commodities.

However, the current surge in the Brent price might prompt the Fed to hike interest rates later this year, commented SPI Asset Management's managing partner Stephen Innes.

"While the current surge might not tip the scales to a September hike, oil prices at + $90 per barrel do fit the Fed criteria that would justify another rate increase in either November or December," he added in a note.

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