

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and Houston's HSFO price is at near parity levels with Balboa.

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

- **VLSFO prices up in Zona Comun (\$9/mt), Balboa (\$6/mt), Los Angeles (\$5/mt) and New York (\$3/mt), and down in Houston (\$9/mt)**
- **LSMGO prices up in Los Angeles (\$5/mt) and New York (\$4/mt), and down in Houston (\$13/mt) and Balboa (\$10/mt)**
- **HSFO prices up in Los Angeles (\$2/mt), and down in Houston (\$12/mt), New York (\$7/mt) and Balboa (\$4/mt)**

Houston's VLSFO and LSMGO benchmarks have dropped under pressure from lower-priced stems fixed in the past day. Both grades remain in normal availability in Houston. Some suppliers replenished stocks recently and are able to supply the grades for prompt delivery dates, a source says.

Most HSFO benchmarks have declined with downward pressure from lower-priced indications, especially Houston, which is now at near parity levels with Balboa's HSFO. The high-sulphur grade is tight in both Balboa and Cristobal.

One supplier in Balboa can supply the grade from 4 October, while another supplier is unable to supply prompt stems because of a tight delivery schedule.

Strong wind gusts of up to 22 knots are forecast to hit the Galveston Offshore Lightering Area (GOLA) later today. The weather is expected to remain rough for the remaining days of this week and could lead to intermittent suspensions and bunker congestion build-up.

Brent

The front-month ICE Brent contract has climbed by \$3.35/bbl on the day, to \$95.97/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

Tight supply in the global crude oil market continued to push Brent futures higher.

“Oil prices are back on the rise as a global supply shortfall is becoming more evident,” said Price Futures Group’s senior market analyst Phil Flynn.

Commercial US crude inventories fell by 2.17 million bbls on the week, to 416.29 million bbls on 22 September, the US Energy Information Administration (EIA) reported on Wednesday.

Moreover, production cuts by the top OPEC+ producers Saudi Arabia and Russia are making the oil market “extremely tight,” OANDA’s market analyst Craig Erlam said. These measures have “got people talking about \$100/bbl oil again,” he further added.

Downward pressure:

Meanwhile, Brent’s rally towards \$100/bbl mark might diminish due to demand worries and as oil analysts expect the US Federal Reserve (Fed) to hike interest rates in the coming months.

Central banks around the world remain committed to keeping inflation levels under control, according to analysts.

“[Oil] markets will be closely looking for any indication about what the Fed [officials] could do at their meetings later in the year,” said ING’s head of commodities strategy Warren Patterson.

More rate-hike cycles could increase the borrowing costs for non-dollar currency holders, which could dampen demand for dollar-denominated assets like crude oil.

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