

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Regional bunker benchmarks have mostly declined, and New York's VLSFO price is at near parity levels with Houston.

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

- **VLSFO prices down in New York and Zona Comun (\$24/mt), Los Angeles (\$23/mt), Balboa (\$14/mt) and Houston (\$7/mt)**
- **LSMGO prices up in Houston (\$30/mt), and down in Zona Comun (\$54/mt), Los Angeles (\$33/mt), New York (\$24/mt) and Balboa (\$9/mt)**
- **HSFO prices down in Balboa (\$32/mt), Los Angeles (\$19/mt), New York (\$11/mt) and Houston (\$6/mt)**

Most bunker benchmarks in the Americas have come down sharply over the weekend.

Houston's LSMGO price has moved up against the wider market direction, with support from higher-priced indications on Friday. Its discount to Balboa's LSMGO has narrowed significantly from \$78/mt on Friday, to \$39/mt now.

New York's VLSFO price has shed the most in the region, to nearly erase its \$19/mt premium over Houston. VLSFO and LSMGO availability is said to be normal in New York. HSFO is a bit tighter than other grades as fewer suppliers offer the grade in the port, a source says.

VLSFO availability has been tight in Zona Comun. One supplier can supply the grade from 11 October, a source says.

Several Brazilian ports have good bunker fuel availability. One supplier can do same-day VLSFO deliveries in Itaquí, and with 1-3 days of lead time in Salvador and Rio de Janeiro.

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## **Brent**

Front-month ICE Brent has plunged by \$3.38/bbl on the day since Friday, trading at \$92.42/bbl at 07.00 CST (13.00 GMT).

### **Upward pressure:**

Brent futures have gained over 10% in September despite a slight decline in price from recent highs.

Money managers, such as energy-focussed hedge fund investors have 289,265 long positions in Brent futures, compared to 51,422 short positions as of 22 August, according to Commitments of Traders data released by the Commodity Futures Trading Commission. More long positions than short positions indicate that money managers expect Brent futures to rise in the near future.

Energy-focussed hedge fund investor, Eric Nuttall maintains a "bullish" outlook for oil prices. "Demand is at a record high, inventories are at a multi-year low and headed lower, and OPEC+ under the leadership of [Saudi energy minister Abdulaziz bin Salman Al Saud] HRH ABS is determined to provide stability to the oil price," says Nuttall.

A potential increase in international travel during China's Golden Week holiday further bodes well for Brent's price.

The Chinese Civil Aviation Administration expects to handle more than 21 million passenger trips during the Golden Week holiday period, state-owned media agency Xinhua has reported. Data from Trip.com shows that domestic tour bookings for the holiday period increased 400% over the previous year, Xinhua adds.

### **Downward pressure:**

Sources indicate that the OPEC+ panel is unlikely to tweak oil policy at Wednesday's ministerial meeting, according to Reuters. National Australia Bank has also predicted an increase in Saudi Arabia's willingness to reduce voluntary output cuts, Reuters says.

"US senators and Western media have confirmed the increase in Iran's oil production and exports despite sanctions over the past two years," Iran's state-owned media agency IRNA reported citing Iranian Oil Minister Javad Owji.

Increasing Iranian oil supply on the international market could offset Saudi Arabia's and Russia's voluntary production cuts. This, in turn, will reduce crude oil shortages across the market and cool down Brent's price.

Turkish energy minister Alparslan Bayraktar has confirmed that Turkey will restart operations on the 470,000 b/d Ceyhan oil pipeline from Iraq, according to Reuters.

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