

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly increased with Brent, and availability remains tight in Zona Comun.

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

- **VLSFO prices up in Zona Comun (\$9/mt), unchanged in New York, and down in Houston (\$30/mt) and Balboa (\$21/mt)**
- **LSMGO prices down in Houston (\$62/mt), Balboa (\$34/mt) and New York (\$4/mt)**
- **HSFO prices up in New York (\$14/mt), and down in Houston and Balboa (\$16/mt)**

Houston's LSMGO price has dropped the most in the past day, with pressure from a lower-priced stem. Meanwhile, New York's LSMGO price had made a smaller drop, to widen its LSMGO price premium over Houston from \$9/mt yesterday, to \$67/mt now.

Balboa's VLSFO price has also dropped steeply with pressure from a lower-priced stem, while New York's VLSFO price has remained unchanged. This has flipped Balboa's VLSFO premium of \$4/mt over New York, to a \$17/mt discount.

New York's HSFO price has jumped with support from a firm offer at a higher level, narrowing the port's Hi5 spread further from \$77/mt, to \$63/mt now.

Availability has been tight in Zona Comun since the beginning of September due to rough weather conditions. However, securing VLSFO grade is more difficult than LSMGO, and most suppliers require at least two weeks of lead times.

## **Brent**

The front-month ICE Brent contract has gained \$0.47/bbl on the day, to trade at \$94.33/bbl at to 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Oil investors are waiting for fresh cues from the Organization of the Petroleum Exporting Countries along with Russia and other allies (OPEC+), who will convene a Joint Ministerial Monitoring Committee (JMMC) meeting tomorrow, to further discuss their output cut pledges.

Investors expect OPEC+ producers to maintain crude oil production cuts to keep supplies tight in the global market.

“The market will be eager to see if there are any signs of a change in the group’s output policy, given the recent strength in the market,” said analysts at ING. “We do not believe that the group will change its output policy,” they further added.

Additionally, OPEC’s de-facto leader Saudi Arabia is expected to raise the price of its flagship Arab Light crude in Asia for the fifth consecutive month to include November, Reuters reported.

### **Downward pressure:**

Brent futures declined sharply after the US dollar rose to a 10-month high on Monday, against other currencies, reported Reuters.

This comes amid growing expectations of yet another hike in interest rates by the US Federal Reserve (Fed) later this year. Global demand for dollar-denominated commodities such as oil could decline due to further interest rate hikes coupled with a strong US dollar.

“The crude oil market faced increased selling pressure due to a stronger US dollar,” said SPI Asset Management’s managing partner Stephen Innes. A stronger US dollar is bad for risk assets like oil amid the “spectre of a possible Q4 [fourth quarter 2023] Fed hike,” he further added.

Moreover, Turkey could start crude oil production this week after its energy minister Alparslan Bayraktar confirmed that the country will resume operations of the 470,000 b/d Ceyhan oil pipeline from Iraq.

Oil futures erased earlier gains due to “a stronger US dollar and the potential resumption of oil flows from Kurdistan,” Innes said.

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