

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

09/10/23

Americas bunker prices have mostly gained with Brent, with the notable exception of Los Angeles' declining VLSFO price.

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

- **VLSFO prices up in Balboa (\$55/mt), New York and Zona Comun (\$41/mt) and Houston (\$27/mt), and down in Los Angeles (\$17/mt)**
- **LSMGO prices up in New York (\$51/mt), Houston (\$46/mt), Balboa (\$36/mt), Zona Comun (\$29/mt) and Los Angeles (\$6/mt)**
- **HSFO prices up in Houston (\$69/mt), Balboa (\$50/mt), New York (\$48/mt) and Los Angeles (\$32/mt)**

Los Angeles' VLSFO price has countered Brent's upward movement and fell over the weekend. One lower-priced VLSFO stem with non-prompt delivery has contributed to drag the port's benchmark lower.

Meanwhile, VLSFO prices in New York and Balboa have gained heavily to flip their VLSFO discounts to Los Angeles from \$34/mt and \$56/mt, to premiums of \$24/mt and \$16/mt, respectively.

Houston's HSFO price has jumped the most over the weekend, while the port's VLSFO price has made a moderate gain. This has narrowed Houston's Hi5 spread below the \$50/mt level.

Houston's HSFO price is trading at its highest level since August 2022. Low availability of HSFO in the region has further supported the port's benchmark gain.

Bunker operations have been running normally in Argentina's Zona Comun anchorage. But wind gusts of up to 37 knots are forecast to hit the region from Wednesday onwards, which could cause prolonged delays and disruptions.

Brent

The front-month ICE Brent contract has gained \$3.69/bbl on the day from Friday, to trade at \$87.84/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent prices recovered last week's losses as clashes between Israel and Palestinian militant group Hamas triggered volatility in oil markets. Hamas launched terror attacks on Israel over the weekend, re-fuelling long-term conflicts between Israel and Palestine and killing hundreds of Israeli soldiers and civilians. As retaliation, Israel launched air strikes on Gaza, killing over 400 people. The clashes have raised fears of geopolitical tension spreading to other parts of the Middle East.

"Historical analysis suggests that oil prices tend to experience sustained gains after the Middle East crises," commented SPI Asset Management's managing partner Stephen Innes.

The rising tension between Israel and Palestine and the risk of this conflict spreading could prompt oil traders to remain nervous, "until there is a clear de-escalation," said ING Bank's head of commodities strategy Warren Patterson.

Oil market analysts expect these clashes to affect oil supply from the Middle East as there are reports that Iran helped the Palestinian militant group to execute the attacks. "If this is proven to be true, we could see the US, an ally of Israel, taking a tougher stance against Iran, which could ultimately lead to a reduction in oil supply," said Patterson.

Oil investors will "wait and see" if there were other governments involved in this attack, said Innes. "Particularly Tehran, which could all but guarantee a broader conflagration," he further added.

Downward pressure:

Meanwhile, Brent futures continued to face some downward pressure from interest rate hike fears.

"Concerns about a potential rates-driven recession in 2024 led to a shift in the crude futures curve," Innes said. "Investors began to worry about the impact of rising interest rates on economic growth and oil demand," he further added.

Brent price is expected to decline if the US Federal Reserve (Fed) decides to hike interest rates again in 2023. Higher interest rates can curb consumer spending on dollar-denominated commodities like oil, ultimately affecting demand.

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