

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly dropped with Brent, and bad weather could disrupt bunkering in Zona Comun and GOLLA.

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

VLSFO prices down in Balboa and Zona Comun (\$21/mt), Houston (\$14/mt), Los Angeles (\$6/mt) and New York (\$1/mt)

LSMGO prices up in Los Angeles (\$1/mt), down in Houston (\$46/mt), New York (\$35/mt) and Balboa (\$29/mt)

HSFO prices down in Houston (\$87/mt) and New York and Los Angeles (\$1/mt)

Houston's HSFO price has come down sharply to erase some of the gains made in the past day. In contrast, Los Angeles' HSFO price has inched slightly lower, to flip its HSFO price discount of \$52/mt to Houston, to a \$34/mt premium now. From trading at a 14-month high level yesterday, Houston's HSFO price has now swung to its lowest level since July.

Houston's VLSFO price has had a smaller drop compared to the port's HSFO price in the past day. This has widened the port's Hi5 spread from \$33/mt yesterday, to \$106/mt now.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). However, bad weather conditions are forecast intermittently throughout the week, which could trigger suspension or disrupt deliveries in the region.

Strong wind gusts ranging between 30-37 knots are forecast to hit Zona Comun later today, which could delay bunker operations until Thursday. Winds at the higher end of that range can pose problems to bunker deliveries by barge.

Brent

The front-month ICE Brent contract has dropped \$0.17/bbl on the day, to trade at \$87.67/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Oil investors are concerned about potential supply disruptions due to the ongoing conflict between Israel and Palestinian militant group Hamas. The clashes between Israel and Hamas have sparked fears about the geopolitical tension spreading to other parts of the Middle East.

Oil traders are worried about supply tightness in the global oil market due to high chances of shutting oil fields amid military clashes in the region. Israel has suspended production at the Tamar gas field off its southern coast and has shut operations at Ashkelon port, Reuters reported citing Israel's energy ministry.

"The key question for markets now is whether the conflict [between Israel and Hamas] remains contained or contagion leaks into oil-producing regions," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, Brent's upward move was supported by OPEC's world oil demand projection in its flagship report.

The Vienna-headquartered oil-producer group sees world oil demand to reach 110.2 million b/d in 2028 as the global population will grow and economies will expand. It further expects global oil demand to reach 116 million b/d by 2045, around 6 million b/d higher than its last year's estimate.

Downward pressure:

Some analysts argue that clashes between Israel and Hamas may not have an immediate impact on oil supplies.

"The reality, however, is that in a historical context, it is a very muted reaction for a Sunday/Monday oil market opening and oil traders may defer to a wait-and-see mode," Innes said.

Meanwhile, Brent futures might shed some gains due to potential exemption of US sanctions on Venezuelan oil. The US and Venezuela have reportedly made significant progress in talks towards easing oil sanctions on Caracas, Reuters reported citing sources.

By Debarati Bhattacharjee and Aparupa Mazumder

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