

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

13/10/23

Bunker prices in the Americas have gained with Brent values, and bad weather could trigger bunker suspensions in GOLLA and Zona Comun over the weekend.

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

- **VLSFO prices up in Zona Comun (\$28/mt), Los Angeles (\$17/mt), Houston (\$15/mt) and Balboa (\$1/mt)**
- **LSMGO prices up in Zona Comun (\$86/mt), Balboa (\$37/mt), Los Angeles (\$28/mt) and Houston (\$25/mt), and down in New York (\$34/mt)**
- **HSFO prices up in Houston (\$17/mt) and Balboa (\$9/mt)**

Most LSMGO benchmarks in the Americas have gained steeper than other grades, partly supported by gains in the front-month NYMEX ULSD futures, which is heading for a 4% rise from its previous day's settlement.

New York's LSMGO benchmark has defied general market direction and dropped in the past day. One lower-priced 50-150 mt LSMGO stem fixed today has contributed to drag New York's LSMGO benchmark lower.

Meanwhile, Balboa's LSMGO price has gained heavily with Brent, to flip its \$51/mt price discount to New York, to a premium of \$20/mt now.

Zona Comun's LSMGO price has climbed the most in the past day, which has resulted in widening its premiums over Los Angeles, Balboa and New York further to \$130/mt, \$212/mt and \$232/mt, respectively. Zona Comun's LSMGO is now trading at its highest level since April.

Strong wind gusts ranging between 27-32 knots are forecast to hit Zona Comun from Saturday evening onwards, which could cause prolonged delays and disruptions, a source says.

Bunkering is currently proceeding normally in the Galveston Offshore Lightering Area (GOLA). Wind gusts of up to 34 knots are forecast over the weekend. The weather is forecast to remain rough throughout next week as well.

Brent

The front-month ICE Brent contract has gained up \$2.37/bbl on the day, to trade at \$89.54/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Geopolitical unrest in the Middle East combined with fears of further oil market tightening has bolstered the Brent price over the past week. Brent December futures have gained 4.39% so far this week.

The Commodity Futures Trading Commission's Commitments of Traders data shows money managers, such as hedge fund investors, slightly reduced their long positions in Brent futures from 289,265 on 26 September, to 275,030 on 3 October. However, the long positions were higher than the short positions at 57,782 on 3 October, indicating an overall bullish market sentiment.

The US has imposed sanctions on UAE-based Lumber Marine and Turkey-based Ice Pearl Navigation and their vessels for transporting Russian crude above the G7's price cap, according to the US treasury department. This could lead to tighter crude supplies in an already tight market.

"Sentiment was also boosted after OPEC said it expects crude stockpiles to slump by 3mb/d [3 million b/d] this quarter," said ANZ commodity strategist Daniel Hynes.

Downward pressure:

Commercial US crude inventories grew by a massive 10.18 million bbls on the week, to 424.24 million bbls on 06 October, according to official weekly figures from the US Energy Information Administration (EIA).

The core 13 OPEC member countries produced 27.75 million b/d of crude oil in September, an increase of 273,000 b/d from the previous month, according to OPEC's October oil market report. This could ease some concerns about tight global supply.

Extended supply cuts from Russia and Saudi Arabia have led to an increase in oil production from other OPEC+ members, including Iran, Libya and Venezuela. Citi's global head of commodities strategy, Ed Morse, predicted in August that OPEC+ producers Iran, Iraq, Libya, Nigeria and Venezuela would fill the supply gap left by the group's de facto leaders, Russia and Saudi Arabia.

The International Energy Agency (IEA) reported Iran's oil production at 3.14 million b/d in September, up 600,000 b/d from the same period a year ago. The agency also reported Libya's September oil production at 1.15 million b/d and Venezuela's September oil output at 1.31 million b/d.

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