

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

20/10/23

Bunker benchmarks in the Americas ports have taken mixed directions, and bunkering is expected to be suspended again in Zona Comun due to rough weather.

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

- **VLSFO prices up in Houston (\$16/mt), Zona Comun (\$11/mt) and Balboa (\$9/mt), and down in New York (\$8/mt) and Los Angeles (\$1/mt)**
- **LSMGO prices up in Houston (\$32/mt) and New York (\$6/mt), and down in Balboa (\$34/mt) and Los Angeles (\$1/mt)**
- **HSFO prices up in Houston (\$33/mt), New York (\$17/mt) and Balboa (\$5/mt), and down in Los Angeles (\$39/mt)**

Bunker prices for all grades have climbed in Houston, primarily because of the tightening of availability as demand rises at the port.

Balboa's LSMGO price has countered general market direction and dropped heavily in the past day, while Houston's LSMGO price has gained. The price moves have erased Houston's LSMGO price discount to Balboa, and flipped to a \$11/mt premium now.

Los Angeles' HSFO price has fallen steeply in the past day, while the port's VLSFO price made a marginal drop. These price changes have resulted in widening the port's Hi5 spread further from \$159/mt yesterday, to \$197/mt now.

Bunker demand in Balboa has improved since yesterday. Lead times of one week are generally recommended for all grades. Prompt bunker supply is available there, however, buyers may need to pay price premiums for deliveries that are prompter than the recommended lead time, a source says. These deliveries also depend on barge availability.

Bunker deliveries are currently underway in Argentina's Zona Comun. But high winds and rough seas are forecast over the weekend, which could disrupt bunkering. Some suppliers can supply stems as and when weather permits, a source says.

Tropical Storm Tammy has strengthened overnight and is forecasted to gain hurricane strength, as it approaches the Leeward Islands in the Caribbean. The storm is expected to turn north into the central Atlantic by Sunday, the National Hurricane Center (NHC) says.

However, no bunker operations are expected to be affected in the region, a source says.

Brent

The front-month ICE Brent contract has surged \$2.96/bbl on the day, to trade at \$93.41/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Rising tension in the Middle East has taken center stage once again, igniting fears about supply disruption in the global oil market after protests broke out in Lebanon, Iraq, Turkey, Iran, and Jordan in response to the fatal missile attack on the Al-Ahli Baptist Hospital located in Central Gaza. More than 500 civilians got killed in the attack on Tuesday.

Iran's government blamed Israel for the hospital bombing and urged Arab countries to put an oil embargo on Israel.

Meanwhile, oil analysts are speculating that the US government might put tighter sanctions on Iran if proven that the Iranian government funded Hamas and helped the militant group to plan the attack on Israel.

"There is bipartisan pressure to shut down Iranian oil exports," said Price Futures Group's senior market analyst Phil Flynn.

"That may be why Iran desperately called for an oil embargo because they know the world may soon shut them down," he further added.

Downward pressure:

Meanwhile, Iran's request for an immediate oil embargo was turned down by top oil producers group OPEC and its allies (OPEC+). Chances of OPEC acting on the call for oil embargo is scarce, analysts said.

Additionally, the US Department of State lifted partial sanctions on Venezuelan oil yesterday, after the country's government and opposition decided to host presidential elections in Venezuela in 2024.

"The market is reacting sharply to the news that the Venezuelan oil exports have been lifted," Flynn said. "It's a good thing if you want to help fix the global tightness of diesel supply," he further added.

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