ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have dropped again in the past day, and bunkering is suspended in GOLA and Zona Comun due to rough weather.

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

- **VLSFO prices up in Zona Comun ($1/mt), and down in Houston ($29/mt), Balboa ($12/mt) and ($2/mt)**
- **LSMGO prices down in Houston ($44/mt), Balboa ($20/mt) and New York ($1/mt)**
- **HSFO prices down in Houston and Balboa ($13/mt) and New York ($4/mt)**

Houston's LSMGO price has dropped steeply in the past day, to its lowest level in two weeks. Along with Brent's downward movement, one lower-priced 150-500 mt stem with non-prompt delivery has contributed to drag the port's benchmark lower.

The benchmark has partly fallen with Brent and partly due to a slowdown in bunker demand in Houston this week. Availability of VLSFO and LSMGO has been good, and several suppliers can deliver both grades within 3-5 days.

Meanwhile, New York's LSMGO price has dropped marginally in the past day, widening New York's LSMGO price premium over Houston massively, from $11/mt to $54/mt.

Bunker deliveries have been halted in the Galveston Offshore Lightering Area (GOLA), where weather conditions are rough. GOLA is currently experiencing gale-force wind gusts of 33 knots. The weather is forecast to remain rough throughout the week, which could cause prolonged delays and disruptions, a source says.

Bunkering remains suspended in Zona Comun, as strong wind gusts are making deliveries difficult. Calmer weather is forecast from tomorrow onwards and could allow bunker operations to resume at the anchorage.

Brent

The front-month ICE Brent contract has shed $1.92/bbl on the day, to trade at $89.89/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

Oil investors are still concerned about a potential oil supply outage due to the intensifying Israel-Hamas conflict. Analysts worry that tensions in the Middle East can grow out of the borders of Israel and Palestine and cause disruption in surrounding oil-producing countries.

Geopolitical angst will "likely keep the [oil] market volatility elevated in the coming weeks," said OANDA's senior market analyst Ed Moya.

Moreover, speculations about an Israeli ground assault in the Gaza Strip have kept oil analysts and investors teetering. These tensions are adding high risk to global oil supply at a time when global inventories are very low due to voluntary production cuts pledged by top OPEC+ oil producers.

Israel continued its bombing of the Gaza Strip yesterday after air strikes over southern Lebanon, Reuters reported.

"The oil market is worried about the timing and the fall-out of Israel's expected ground offensive into Gaza in response to the Hamas terror attack," said Price Futures Group's senior market analyst Phil Flynn.

Downward pressure:

Geopolitical tensions have led to "divergent moments" in the oil market, commented SPI Asset Management's managing partner Stephen Innes.

Despite speculations about a tight supply scenario in the oil market in 2024 amid Israel-Hamas war, no physical oil supply disruptions have taken place in the Middle East so far.

This has limited Brent's move towards $95/bbl and taken "some of the heat out of the [oil] rally," added Innes.

"Oil bulls are living life vicariously on the geopolitical risk premium," he further added.

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