

MARKET UPDATE AMERICAS

 ENGINE



ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have come down with Brent, and bunker operations remain suspended in GOLA.

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

VLSFO prices up in Zona Comun (\$1/mt), and down in Balboa (\$24/mt), New York (\$9/mt) and Houston (\$3/mt)

LSMGO prices up in New York (\$15/mt), and down in Balboa (\$29/mt) and Houston (\$8/mt)

HSFO prices up in Houston (\$11/mt) and Balboa (\$1/mt), and down in New York (\$2/mt)

Houston's HSFO benchmark has defied Brent's downward movement and gained in the past day, while the port's VLSFO benchmark fell marginally. This has narrowed the port's Hi5 spread below \$100/mt again. At \$87/mt, Houston's Hi5 spread is narrower than the spreads of \$111/mt in Balboa, \$104/mt in New York and \$192/mt in Los Angeles.

With more demand for HSFO in Houston this week, the availability of fuel grade is getting tighter from prompt deliveries. Several suppliers are unable to offer stems for delivery dates before the second week of November.

New York's LSMGO price has gained in the past day, while Balboa's LSMGO benchmark has dropped steeply, flipping Balboa's \$6/mt LSMGO price premium over New York, to a discount of \$38/mt.

Bunker operation remains suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts. Bunkering is expected to remain suspended until Friday. Some suppliers can supply stems for dates in the first or second week of November.

Brent

The front-month ICE Brent contract has declined by \$1.70/bbl on the day, to trade at \$88.19/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures drew some support after China's top legislators issued an additional quota of government bonds worth RMB 1 trillion (\$137 billion) to support the country's infrastructure. "This decision suggests a commitment to supporting economic growth and addressing fiscal challenges at various levels of government," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, US commercial crude inventories declined by 2.67 million bbls in the week ended 20 October, according to the American Petroleum Institute (API) data cited by Trading Economics. Market analysts expected a drop of 1.55 million bbls.

The API figures suggested that "strong exports were again influencing inventories and could provide some support," Innes added.

The broadly followed US government data on crude oil stockpiles from the US Energy Information Administration (EIA) is due later today.

Downward pressure:

Despite growing tensions in the Middle East amid the ongoing Israel-Hamas conflict, the flow of oil supply in the region has remained uninterrupted.

Israel has held off its ground invasion of the Gaza Strip to retrieve hostages being held by Hamas. This has put off the "imminent risk to oil supply," commented Price Futures Group's senior market analyst Phil Flynn.

"Israel might be rethinking the scope of a ground invasion in the Gaza Strip, but the crux of the matter is that there has been no interruption in the Middle East's oil supply," Innes added.

Meanwhile, the International Energy Agency (IEA) has reiterated its stance that global fossil fuels demand will peak by 2030 as the world turns towards cleaner energy.

With oil demand trading lower and key energy agencies projecting a demand peak by 2030, Brent futures' rally towards \$95/bbl will be in peril, analysts said.

By Debarati Bhattacharjee and Aparupa Mazumder

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