

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker prices have moved in mixed directions across Americas' ports, and bunker operations remain suspended in GOLLA due to rough weather.

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

- **VLSFO prices up in Los Angeles (\$18/mt) and Balboa (\$10/mt), and down in Zona Comun (\$17/mt) and Houston and New York (\$1/mt)**
- **LSMGO prices up in Los Angeles (\$42/mt), unchanged in Houston, and down in New York (\$20/mt), Balboa and Zona Comun (\$2/mt)**

**HSFO prices up in Los Angeles (\$40/mt), and down in Houston (\$18/mt), New York (\$2/mt) and Balboa (\$1/mt)**  
Zona Comun's VLSFO benchmark has dropped steeply in the past day, while Los Angeles' VLSFO price has gained the most. This has resulted in flipping Zona Comun's \$7/mt VLSFO price premium over Los Angeles, to a discount of \$28/mt now.

VLSFO prices in Houston and New York have dropped by just \$1/mt in the past day, to narrow their respective discounts to Zona Comun from \$70/mt and \$48/mt yesterday, to \$54/mt and \$32/mt now.

Bunker operations have restarted in Zona Comun today, after being suspended since Monday due to bad weather conditions. Several suppliers have resumed bunker deliveries and most suppliers can deliver stems within 4-6 days of lead time. This has contributed to lower the VLSFO price at the port.

Bunker operations remains suspended in the Galveston Offshore Lightering Area (GOLLA) due to strong wind gusts of up to 32 knots. Calmer conditions are forecast from tomorrow onwards.

## Brent

The front-month ICE Brent contract has dropped by \$1.57/bbl on the day, to trade at \$88.32/bbl at 07.00 CST (13.00 GMT) today.

### Upward pressure:

Brent futures have shed previous losses amid renewed worries over supply disruptions from geopolitical tensions in the Middle East. The war between Israel and Hamas could exert additional pressure on global oil supply if other oil-producing countries like Iran and Saudi Arabia get involved, analysts said.

“The ongoing conflict could weigh even further on the global oil supply over time by potentially reducing the probability of Saudi-Israeli normalization and posing downside risks to Iranian oil production, leading to a further surge in oil prices,” said SPI Asset Management’s managing partner Stephen Innes.

Moreover, China’s recent announcement of supporting the country’s infrastructure with an additional RMB 1 trillion (\$137 billion) central government bond (CGB) quota has helped Brent futures recover from the previous session’s losses.

Oil market analysts expect China’s new economic stimulus to drive demand in the country and push oil prices higher.

“China’s newfound greater tolerance for leverage at the central government amid more focus on growth than some had thought cannot be bad for [oil] markets,” Innes added.

### Downward pressure:

Brent futures felt some downward pressure after the US Energy Information Agency (EIA) reported a surprise build of 1.37 million bbls in commercial US crude stockpiles in the week that ended 20 October.

The current US crude inventory level stands at 421.12 million bbls, the EIA said.

The weekly stockbuild ran counter to the American Petroleum Institute's (API) projection of a 2.67 million-bbl draw a day earlier.

Meanwhile, rising crude oil production in Canada has also added some downward pressure on Brent futures today, two analysts from ING Bank said.

“After major supply disruptions [in Canada] over the second quarter of the year due to wildfires, crude oil production has been recovering steadily, increasing the availability of crude oil for shipments which, in turn, weighed on prices,” they added in a client note.

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