

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, and bunker operations remain suspended by rough weather in GOLLA.

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

- VLSFO prices up in Houston (\$12/mt), Los Angeles (\$7/mt), Zona Comun, New York and Balboa (\$6/mt)
- LSMGO prices up in Zona Comun (\$10/mt), New York and Los Angeles (\$9/mt), Houston (\$8/mt) and Balboa (\$7/mt)

HSFO prices up in Balboa (\$6/mt) and Los Angeles (\$5/mt), and down in New York (\$8/mt) and Houston (\$5/mt)

Houston's HSFO price has dropped with downward pressure from a firm offer at a lower level. Meanwhile, the port's VLSFO price has gained, with support from several firm offers at higher levels. The price changes have widened the port's Hi5 spread from \$104/mt yesterday, to \$124/mt now.

Balboa's HSFO price has gained in the past day and is now trading at a premium of \$11/mt over Houston, up from parity yesterday.

Although there has been an increase in demand for HSFO in New York in the last two days, suppliers in the area are still able to provide HSFO stems immediately. The price of HSFO has dropped slightly in the past day, but it is still trading at a premium over Houston.

Bunker operations remain suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts. A window of calm weather is forecast between this evening and Monday morning, which could enable bunker operations to resume in GOLA, before conditions are set deteriorate again.

Meanwhile, suppliers continue to deliver stems as scheduled at the more sheltered Port of Galveston and no delays have been reported there, a source says.

Brent

The front-month ICE Brent contract has gained \$0.91/bbl on the day, to trade at \$89.23/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures remained well supported this week as tension between Israel and Hamas militants grew. Mounting fears of supply disruptions in the Middle East if the conflict escalates have helped oil prices to remain at elevated levels.

Last week, Israel's Prime Minister Benjamin Netanyahu said in a TV interview that the country was preparing for a "ground invasion" of the Gaza Strip for an upfront combat with Hamas militants. Oil prices surged on this news amid speculations that Israel's move could trigger supply disruptions in the Middle East.

Meanwhile, leaders from the neighbouring Arab countries including Iran, Jordan, Egypt, and Lebanon have criticized Israel's retaliation to the attack that took place on 7 October and have blamed Jerusalem for causing "genocides" in Gaza.

Brent has been boosted by growing fears in the oil market that Iran's involvement in the conflict can further prompt the US to roll out stricter sanctions on Iranian oil.

"In a supply 'downside' scenario where there are additional supply disruptions, such as increased Western [US] scrutiny of Iran's oil exports, Brent oil prices are expected to increase by \$5/bbl in 2024Q1, reaching \$100/bbl," said SPI Asset Management's managing partner Stephen Innes. "By December 2024, the increase could reach \$10/bbl," he further added.

Downward pressure:

Brent's rally has started fading amid expectations that Israel would postpone its plan of a ground invasion of the Gaza Strip. This comes after the US and other Western allies urged Israel to hold off the ground attack on Gaza.

"The situation in Gaza and Israel which has previously triggered a surge in oil prices and is now being unwound due to the perception that the risks of a wider conflict are falling," said OANDA's commodities market analyst Craig Erlam.

Meanwhile, the US Energy Information Administration (EIA) reported an unexpected 1.37 million bbls-build in commercial US crude inventories in the week ended 20 October. The EIA figures ran counter to the American Petroleum Institute's (API) estimates that showed a fall in US crude inventories during the same week.

"The [oil] market did not seem to like the fact that the Energy Information Administration report was not nearly as bullish as the American Petroleum Institute report the day before," said Price Futures Group's senior market analyst Phil Flynn.

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