

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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

Changes on the day to 06.00 CST (11.00 GMT) today:

- **VLSFO prices down in Zona Comun (\$20/mt), Houston (\$14/mt), Los Angeles (\$10/mt), New York (\$8/mt) and Balboa (\$1/mt)**
- **LSMGO prices up in Balboa (\$21/mt), and down in Zona Comun (\$13/mt), Los Angeles (\$12/mt), Houston and New York (\$11/mt)**
- **HSFO prices down in Balboa (\$41/mt), Los Angeles (\$6/mt), Houston and New York (\$5/mt)**

Balboa's HSFO benchmark has dropped heavily in the past day, while the port's VLSFO price dropped marginally, to widen its Hi5 spread by \$40/mt. At \$136/mt, Balboa's Hi5 spread is slightly wider than the spreads of \$126/mt in New York and \$122/mt in Houston.

Balboa's LSMGO price has defied Brent's downward movement and gained in the past day, with support from several firm offers at higher levels. Meanwhile, LSMGO prices in other regional ports have declined. The diverging price moves have contributed to narrow Balboa's LSMGO discounts to New York and Los Angeles from yesterday's \$37/mt and \$133/mt, respectively, to \$5/mt and \$100/mt now.

Bunker operations remain suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts of up to 40 knots. Calmer conditions are forecast from Thursday onwards, which could allow bunkering to resume.

Bunker operations also remain suspended in Argentina's Zona Comun anchorage due to rough weather conditions. The weather is forecast to remain rough this week, with wind speeds forecasted to intensify and touch 47 knots on Thursday.

Brent

The front-month ICE Brent contract has shed \$2.78/bbl on the day, to trade at \$88.26/bbl at 06.00 CST (11.00 GMT) today.

Upward pressure:

Global supply concerns have taken center stage again after the conflict between Israel and Hamas worsened. Israel's Prime Minister Benjamin Netanyahu has refused the international appeals for a ceasefire in the Gaza Strip.

"Israel will not agree to a cessation of hostilities with Hamas after the horrific attacks of October 7," Netanyahu said at a press conference.

Oil traders have reacted to this news vigilantly, analysts said. "Cautious trading is seen as the market tries to gauge the risk of contagion after Israel began a so far cautious ground offensive into the Gaza Strip," said analysts from Saxo Bank.

Moreover, Iran's foreign minister Hossein Amirabdollahian at a recently held United Nations (UN) emergency session warned that the US will have to face retaliation if Israel continues this conflict against Hamas. The repercussions of losing Iranian oil will be "far-reaching", commented Price Futures Group's senior market analyst Phil Flynn.

"Disruptions to Iranian oil flows remain the most obvious risk to the market," said two analysts from ING Bank.

Downward pressure:

Oil market participants are on the edge, ahead of the US Federal Reserve's (Fed) interest rate policy meeting scheduled for tomorrow.

"The consensus in the market is that the Federal Reserve will maintain its current interest rate stance this week," said SPI Asset Management's managing partner Stephen Innes. However, "it would be a remarkable surprise if the Fed announced another rate hike at the November meeting," he further added.

Meanwhile, China's manufacturing purchasing managers' index (PMI) decreased to 49.5 in October from 50.2 in the previous month, Reuters cited data from China's National Bureau of Statistics (NBS). Signs of deteriorating manufacturing activity hints at a lagging oil demand growth.

Moreover, immediate supply disruptions due to the ongoing conflict in the Middle East have not been felt physically yet. Brent futures are expected to fall further if there is no actual damage happening to the physical crude oil supply, analysts said.

"Without an immediate disruption in global supplies and signs that Asian oil demand may be easing just a bit allowing the market to sell off," Flynn added.

By Debarati Bhattacharjee and Aparupa Mazumder

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