

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have dropped steeply with Brent, and bunkering remains suspended in GOLLA and Zona Comun due to rough weather conditions.

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

- **VLSFO prices down in Balboa (\$23/mt), Houston (\$22/mt), Zona Comun (\$12/mt), Los Angeles (\$10/mt) and New York (\$9/mt)**
- **LSMGO prices down in Los Angeles (\$83/mt), Balboa (\$22/mt), Houston (\$15/mt), Zona Comun (\$13/mt) and New York (\$6/mt)**
- **HSFO prices up in New York (\$4/mt) and Houston (\$3/mt), and down in Balboa (\$64/mt) and Los Angeles (\$7/mt)**

Houston's HSFO price has countered the general market direction and gained marginally in the past day. Meanwhile, the port's VLSFO price has dropped with pressure from a lower-priced stem. This has resulted in narrowing the port's Hi5 spread below \$100/mt.

Los Angeles' LSMGO price plunged in the past day, with pressure from several firm offers at lower levels. LSMGO benchmarks in other Americas ports have made relatively smaller drops. Los Angeles' LSMGO price premiums over New York and Houston have narrowed from \$95/mt and \$146/mt, respectively, to \$18/mt and \$78/mt.

Bunker operations have remained suspended in the Galveston Offshore Lightering Area (GOLA) since yesterday due to strong wind gusts. Operations are expected to resume with calmer weather from today evening.

Bunker operations also remain halted in Argentina's Zona Comun anchorage due to rough weather conditions. The weather is forecast to remain bad this week, with wind speeds forecasted to intensify and touch 44 knots tomorrow.

## **Brent**

The front-month ICE Brent contract has lost \$1.83/bbl on the day, to trade at \$86.43/bbl at 06.00 CST (11.00 GMT) today.

### **Upward pressure:**

Tension between Israel and Hamas has taken a new turn overnight after Yemen-based militant group Houthi joined the conflict to back Palestine.

The group launched missile and drone attacks from Sanaa on Tuesday at Israel as an act of retaliation to Israel's refusal for a ceasefire in Gaza, Reuters reported citing Houthi spokesperson Yahya Saree in a televised statement.

This news has rekindled supply concerns in the oil market because Houthi's attack poses a direct threat to leading global oil producer Saudi Arabia. The shortest flight route for any drone or missile launched from Yemen to Israel crosses over the western part of Saudi Arabia which is closer to the Red Sea. "Geopolitical risks remain and that seems to be offsetting some of the record production levels that are coming from the US," said OANDA's senior market analyst Ed Moya.

### **Downward pressure:**

Weak demand projections have put a lid on Brent futures' gains this week. China's underwhelming purchasing managers' index (PMI) figures in October sparked concerns about a lack of demand in the world's second-largest crude oil consumer.

"Disappointing manufacturing activity in China and US consumer confidence dropping to a five-month low in October raised worries about the prospects for fuel consumption," said SPI Asset Management's managing partner Stephen Innes.

Moreover, Brent prices came under pressure after US commercial crude inventories gained 1.35 million bbls in the week ended 27 October, according to the American Petroleum Institute (API) data cited by Trading Economics.

Meanwhile, oil investors will closely follow the US Federal Reserve's (Fed) Federal Open Market Committee (FOMC) meeting that will conclude today. Investors are waiting for fresh cues on the US interest rate hike cycle.

Higher interest rates lead to a stronger US dollar against other currencies. This can potentially curtail demand for dollar-denominated commodities such as oil.

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