ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks have mostly declined in the Americas, and New York's LSMGO priced at premiums over most regional ports.

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

- **VLSFO prices up in New York ($25/mt), unchanged in Los Angeles, and down in Balboa ($13/mt), Zona Comun ($12/mt) and Houston ($11/mt)**
- **LSMGO prices up in New York ($65/mt) and Houston ($4/mt), and down in Balboa ($35/mt)**
- **HSFO prices up in New York ($6/mt), and down in Balboa ($23/mt) and Houston ($17/mt)**

New York’s LSMGO price has defied Brent’s downward movement and gained heavily in the past day. Meanwhile, Balboa’s LSMGO price has dropped the most with pressure from several firm offers at lower levels. This has flipped Balboa’s LSMGO price premium of $4/mt over New York, to a significant discount of $96/mt.

VLSFO price in New York has also gained in the past day, while Zona Comun’s VLSFO price has dropped with support from a lower-priced stem fixed in the past trading day. This has resulted in flipping the port’s $34/mt VLSFO premium over New York, to a discount of $3/mt now.

Securing VLSFO and LSMGO grades for prompt dates in New York can be difficult. The tightness in supply has kept New York's LSMGO and VLSFO prices higher compared to some American ports.

In Argentina's Zona Comun anchorage, some suppliers can supply prompt VLSFO and LSMGO stems amid calmer weather conditions this week. However, demand has remained very low for both the fuel grades in Zona Comun.

Brent

The front-month ICE Brent contract has lost $2.51/bbl on the day, to trade at $83.34/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

Brent futures gained some upward thrust after global oil producers Saudi Arabia and Russia reaffirmed their crude oil production cuts until year-end.

This move by the top OPEC+ producers was largely expected, analysts said. The oil market is now keenly watching out for Saudi's next move, to see if the kingdom decides to roll in further supply cuts in 2024 on the back of a global supply deficit that is already being felt in the oil market.

"The risk to global supply is higher than it's been in probably 50 years," said Price Futures Group's senior market analyst Phil Flynn.

Meanwhile, Brent futures also gained some support after the US House of Representatives passed a bipartisan bill to impose additional sanctions on Iranian oil and petroleum products.

The oil market has been speculating about Iran's involvement in funding Hamas terrorists who launched an unprecedented attack on Israel on 7 October. Oil analysts have previously stated that if Iran's involvement in the Middle Eastern conflict is proven, the US would not hold back from bolstering sanctions on Iranian oil.

"[Oil] markets remain on edge with the US seeing an elevated risk of regional spillover from the [Israel-Hamas] war and will keep responding to any attacks on its troops by Iranian proxies," said analysts from Saxo Bank.

Downward pressure:

Weak oil demand growth projections for China has put a lid on upward Brent futures' moves this week.

A recent report by market intelligence provider JLC stated that China's state-owned refineries' run rates dropped in October, "due to sluggish fuel demand and a tight export quota," in the second-largest crude importer of the world.

"China demand concerns as well as concerns surrounding a slowing economy in Europe are weighing on market sentiment," Flynn added.

State-owned refinery crude distillation units (CDU) operated at an average capacity of 86.26% in October, "a drop of 2.89 percentage points from the record high in September," JLC said. This comes as more units underwent maintenance work in October.

"If the Chinese economy is experiencing difficulties and consumers are cutting back, elevated oil prices could exacerbate the issue by reducing demand," said SPI Asset Management's managing partner Stephen Innes.

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