ENGINE: Americas Bunker Fuel Market Update

08/11/23

Bunker prices in the Americas have tracked Brent declines, and bad weather could disrupt Zona Comun bunkering again.

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

- **VLSFO prices down in Houston ($28/mt), Zona Comun ($26/mt), Balboa ($25/mt), Los Angeles ($23/mt) and New York ($18/mt)**
- **LSMGO prices down in Houston ($67/mt), Balboa ($36/mt) and New York ($4/mt)**
- **HSFO prices down in Houston ($25/mt), Balboa ($19/mt) and New York ($11/mt)**

Houston's LSMGO price has dropped the most in the past day. Two lower-priced 500-1500 mt stems with prompt delivery fixed today have contributed to drag the port's benchmark lower. Its discount to New York's LSMGO has widened from $92/mt yesterday, to $155/mt now.

Balboa's LSMGO price has decreased, but to a lesser extent than Houston's LSMGO. Consequently, Balboa's $4/mt LSMGO discount to Houston has flipped to a $27/mt premium.

Bunker demand in Houston has been good in the past week. Several suppliers are fully booked for the prompt dates in the region. However, securing prompt delivery stems is still possible, a source says.

Bunker operations have been running smoothly at Zona Comun anchorage in Argentina. However, strong winds of up to 34 knots are forecast from tomorrow onwards, which could delay bunkering or trigger a suspension there.

Brent

The front-month ICE Brent contract has come off by $2.97/bbl on the day, to trade at $80.37/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

A global supply deficit in the oil market has taken the centre stage this week. Brent futures gained some support after top oil-producer nations Saudi Arabia and Russia reaffirmed their output reductions and export cuts until December 2023.

"It is increasingly likely that they [Saudi Arabia and Russia] will extend this into the new year if this downward pressure continues," said two analysts from ING Bank. "The Saudis would like to keep Brent above $80/bbl, as this is roughly where their fiscal breakeven price is," they further added.

Moreover, geopolitical angles have also played a crucial role in pushing Brent up this week. The US House of Representatives imposed stricter sanctions on Iranian oil after the country allegedly provided funds and ammunition to Hamas militants to support their attack on Israel.

"Not only is there the ongoing war between Russia and Ukraine but the war between Israel and Hamas could very easily spread," said Price Futures Group's senior market analyst Phil Flynn. "At the same time, there should be growing pressure to crack down on Iran," he added.

Downward pressure:

Demand worries from the two biggest oil consumers of the world – the US and China – have marred upward moves for Brent futures this week.

Brent came under downward pressure after an estimate was released of commercial US crude inventories surging by 11.9 million bbls in the week ending 3 November, according to the American Petroleum Institute (API) data cited by Trading Economics.

Oil market analysts expected Brent to continue to decline after the massive spike in weekly US crude builds reported overnight. "It was the biggest weekly rise since the first week of 2023," Trading Economics reported.

Meanwhile, weak export data from China also stirred speculations of shrinking oil demand growth. China's exports have fallen by 6.4% compared to 2022, Reuters reported, citing customs data.

"China's trade data was a negative double whammy for oil prices, and it got the price ball rolling downhill," said SPI Asset Management's managing partner Stephen Innes. "Deteriorating shipments primarily drove this export drop to significant trading partners in Europe and North America," he further said.

China's economy is heavily dependent on exports, especially on manufactured products. This persistent decline in trade volumes has capped economic growth in the country. This is also creating "uncertainty over the demand outlook for oil markets in the upcoming winter months," Innes argued.

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