

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

09/11/23

Regional bunker benchmarks have mostly declined, and Balboa's HSFO price is trading at a discount to Houston's.

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

- **VLSFO prices unchanged in Houston, and down in Los Angeles, Balboa and Zona Comun (\$2/mt)**
- **LSMGO prices down in Houston (\$10/mt) and Balboa (\$8/mt)**
- **HSFO prices down in Balboa (\$24/mt) and Houston (\$2/mt)**

Balboa's HSFO price has come down sharply on the day. One prompt 150-500 mt HSFO stem fixed at \$437/mt earlier today has dragged the port's benchmark lower. It is now priced \$14/mt lower than Houston's HSFO price.

HSFO availability is said to be normal in Balboa, where at least two suppliers have good availability of the grade. Lead times of five days are required.

Houston's LSMGO price has declined by \$10/mt. One prompt 150-500 mt LSMGO was fixed at \$830/mt in the past trading day. The port's LSMGO price has slumped by \$53/mt over the past week amid a declining front-month NYMEX ULSD future, which has shed 9% in the past week.

VLSFO and LSMGO availability is normal in New Orleans. Two suppliers were offering both grades with lead times of 5-7 days. A moderate to high degree of fog and reduced visibility is forecast over the weekend in New Orleans, which could push lead times further ahead.

## **Brent**

The front-month ICE Brent contract has inched \$0.14/bbl lower on the day, to trade at \$80.23/bbl at 07.00 CST (13.00 GMT).

### **Upward pressure:**

Brent futures gained some support as OPEC+ top oil producers, Saudi Arabia and Russia, reaffirmed their commitment to supply cuts and export reductions till the end of the year.

Moreover, oil analysts expect Brent's prices to remain stable as Riyadh will continue slashing production into 2024 as well.

According to SPI Asset Management's managing partner Stephen Innes, oil traders are gradually stepping into "I dare you to cut more mode," after Saudi's latest announcement.

Meanwhile, these voluntary cuts have also reduced downside risks in the oil market over the coming months, analysts said. "We hold onto our forecast for Brent to average \$90/bbl over 2024," two analysts from ING Bank said.

### **Downward pressure:**

Brent's prices have dropped this week due to mounting concerns about a slowdown in global oil demand as we head into the year-end seasonal change.

Moreover, an unexpected build in the US weekly commercial crude inventories reported by the American Petroleum Institute (API) also sparked concerns about a decline in oil demand. "Fuel demand has been lagging behind its seasonal average, which has raised concerns about demand destruction," said Innes.

The official release of US government weekly data on crude oil stockpiles from the US Energy Information Administration (EIA), which was supposed to be released yesterday, is delayed until 13 November due to planned system upgrades.

Meanwhile, amid hovering demand concerns over the oil market, supply dynamics have also pushed Brent futures lower, ING Bank's head of commodities strategy Warren Patterson said. "For example, Russian seaborne crude oil exports have grown in recent months, which suggests that Russia is not sticking to its additional voluntary cut," he added.

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