

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

13/11/23

Regional bunker benchmarks have mostly gained, and LSMGO availability is tight in New York.

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

- **VLSFO prices up in Los Angeles (\$65/mt), Houston (\$26/mt), New York (\$18/mt), Zona Comun (\$13/mt) and Balboa (\$3/mt)**
- **LSMGO prices up in Balboa and Zona Comun (\$6/mt), Los Angeles (\$5/mt) and Houston (\$1/mt), and down in New York (\$74/mt)**
- **HSFO prices up in Houston (\$43/mt), Balboa (\$35/mt) and New York (\$15/mt)**

Most bunker benchmarks in the Americas have gained over the weekend. But New York's LSMGO price has moved counter to the general market direction and fallen sharply. Some lower-priced indications for the grade over the weekend have pulled the benchmark lower.

Despite falling, New York's LSMGO price is still priced \$80/mt higher than Houston's. Availability of LSMGO is tight in New York. The earliest delivery date with one supplier is as far away as 25 November, a source says.

Houston's HSFO price has increased more than its VLSFO. The price moves have narrowed the port's Hi5 spread from \$95/mt on Friday, to \$78/mt now. One higher-priced indication for the high-sulphur grade has lent it further support today.

Availability of VLSFO and LSMGO is good at Argentina's Zona Comun anchorage. One supplier can deliver both grades with short lead times of two days.

Brent

The front-month ICE Brent contract has gained \$1.46/bbl on the day, to trade at \$80.23/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

Brent's price is finding a little solace in the prospect of an oil supply shortage next year.

“We expect ongoing [crude output] cuts from OPEC+ to contribute to inventory draws and upward oil price pressure in the early part of 2024,” the US Energy Information Administration (EIA) has said in its short-term energy outlook report.

Saudi Arabia will continue its voluntary crude oil reduction of 1 million b/d for December as well, an official source from Saudi Arabia's Ministry of Energy told Saudi Press Agency. In addition, Russia has announced additional voluntary oil export cuts of 300,000 b/d until December, according to state-owned media agency TASS.

Saudi Arabia's energy minister Abdulaziz bin Salman Al Saud has said global oil demand is “not weak,” according to Bloomberg. The recent Brent sell-off is merely a “ploy” by market speculators despite robust demand, Abdulaziz argued.

Downward pressure:

Price pressure has been mounting as demand concerns have started to surpass fears of a supply shortage. Weak export data from China has stirred speculations of shrinking oil demand growth. China's exports have fallen by 6.4% compared to 2022, Reuters reported, citing customs data.

An unexpected 11.9 million-bbl build in commercial US crude inventories reported by the American Petroleum Institute (API) last week sparked concerns about a decline in oil demand. Official data from the US Energy Information Administration has been delayed and will be released later today.

Oil traders' attention has shifted from “tight supply supported by Saudi production cuts” and the Israel-Hamas conflict to a “weakening demand outlook” in Europe, the US and China, according to Ole Hansen, head of commodity strategy at Saxo Bank.

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