ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have gained in the past day, and bunkering has been suspended in GOLA due to rough weather conditions.

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

- **VLSFO prices up in Los Angeles ($7/mt), New York ($6/mt) and Balboa ($4/mt), and down in Houston ($9/mt) and Zona Comun ($1/mt)**
- **LSMGO prices up in Balboa ($14/mt), Houston ($13/mt), Zona Comun ($11/mt), Los Angeles and New York ($9/mt)**
- **HSFO prices up in Los Angeles and Balboa ($5/mt), and New York ($4/mt), and down in Houston ($7/mt)**

Zona Comun’s VLSFO price has dropped marginally in the past day, countering the general market directions. The grade was offered in a wide range of $28/mt in the past trading day, with some lower-priced VLSFO offers putting downward pressure on the benchmark.

Meanwhile, Balboa and New York’s VLSFO prices have tracked Brent's rise. Despite rising, both the ports’ VLSFO benchmarks are still priced $42/mt and $26/mt lower than Zona Comun's.

Demand for VLSFO and LSMGO have improved in Zona Comun this week and most suppliers are able to offer the fuel grades for prompt delivery dates.

Bunker deliveries have been halted in the Galveston Offshore Lightering Area (GOLA), where weather conditions are rough today. GOLA is currently experiencing gale-force wind gusts of 41 knots. The weather is forecast to remain rough until Thursday, which could cause bunkering delays and disruptions, a source says.

Brent

The front-month ICE Brent contract has moved up $2.27/bbl on the day, to trade at $82.50/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

Brent’s price got a boost after the Organization of the Petroleum Exporting Countries (OPEC) in its November monthly flagship report projected an upward revision for its global oil demand growth in 2023 to 2.46 million b/d, a slight increase of 20,000 b/d from its October estimates.

“These [OPEC] numbers indicate that OPEC believes that the oil market will remain tight for the remainder of this year and much of 2024,” said two analysts from ING Bank.

The oil-producers group kept its demand projections for 2024 unchanged from the previous forecast, at 2.25 million b/d.

Earlier this month, OPEC’s de-facto leader Saudi Arabia, and its top ally Russia (OPEC+) reaffirmed their voluntary production cuts and export ban pledges until year-end, suggesting an onset of supply tightness in the first quarter of 2024 as well.

“Oil prices had been grinding higher as traders anticipated that OPEC would revise its global demand outlook for the fourth quarter of 2023, and they didn't disappoint the bulls,” said SPI Asset Management’s managing partner Stephen Innes.

Downward pressure:

Brent futures came under downward pressure as growing demand woes from the world’s top crude oil consumers China and the US mounted last week. “Oil and products continue to get hit on the perception that the Chinese economy has hit a brick wall, raising the risk of a global recession,” Price Futures Group’s senior market analyst Phil Flynn said.

Oil traders will be focusing on key US consumer price inflation (CPI) numbers that will be out later today. Oil market analysts expect headline US inflation to fall from 3.7% in September to 3.3% in October.

A potential hike in inflationary pressures in the US could lead to a ‘higher-for-longer’ narrative when it comes to interest rates, oil analysts project. “Any surprises to the upside would likely put some pressure on risk assets, including commodities,” analysts from ING Bank added.

Meanwhile, Brent futures came under some pressure as oil market analysts continued to scrutinise actual supply cuts of Russian crude and oil products in the physical oil market. “Whether Russia actually sticks to its announced cuts is another story, given that their seaborne crude oil exports have been edging higher in recent months,” analysts from ING bank further noted.

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