

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

15/11/23

Regional bunker benchmarks have moved in mixed directions, and bunker operations remain suspended in GOLA.

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

- **VLSFO prices up in Balboa (\$15/mt) and Houston (\$13/mt), and down in Los Angeles (\$57/mt), New York (\$7/mt) and Zona Comun (\$3/mt)**
- **LSMGO prices up in Los Angeles (\$19/mt) and New York (\$1/mt), and down in Zona Comun (\$92/mt), Houston (\$23/mt) and Balboa (\$19/mt)**
- **HSFO prices up in Houston and New York (\$13/mt), Los Angeles (\$12/mt) and Balboa (\$6/mt)**

Houston has seen a jump in the number of stems fixed in the past day. Five stems have been recorded by ENGINE, out of which three stems have been for LSMGO and two for VLSFO.

Out of the three LSMGO stems fixed in the past day, two were fixed at lower prices than Houston's benchmark noted a day ago, pulling the benchmark lower. Meanwhile, Los Angeles' LSMGO price has gained in the past day with support from a higher-priced stem, widening its LSMGO premium over Houston from \$99/mt yesterday, to \$141/mt now.

On the other hand, Los Angeles' LSMGO price discount to Zona Comun has more than halved in the past day, as the Argentinian port's LSMGO price has dropped steeply since yesterday.

New York's HSFO price has defied Brent's downward movement and gained in the past day, while the port's VLSFO price has dropped. This has narrowed the port's Hi5 spread below \$100/mt in the past day. HSFO prices in New York have traded higher due to supply tightness in the port.

Bunkering remains suspended in the Galveston Offshore Lightering Area (GOLA) as strong wind gusts are making deliveries difficult. Calmer weather is forecast from tomorrow evening onwards, which could allow bunker operations to resume at GOLA.

## **Brent**

The front-month ICE Brent contract has inched lower by \$0.22/bbl on the day, to trade at \$82.28/bbl at 07.00 CST (13.00 GMT).

### **Upward pressure:**

Brent futures has shown strong support after the International Energy Agency (IEA) projected global oil demand to grow by 2.40 million b/d to 102 million b/d this year.

Brent's price is expected to remain elevated for the rest of this year as leading oil-consuming nations - the US and China - will drive global oil demand higher, the Paris-based body said. Oil demand is set to reach a record annual high of 102.90 million b/d in 2024 due to strong consumption in the US, China, India, and Brazil, the agency further noted.

Meanwhile, the oil market also gained confidence following positive industrial production and retail data from China earlier today. The country's October industrial output grew 4.6% and retail sales rose 7.6% from October last year, Reuters reported citing data from China's National Bureau of Statistics (NBS).

"Crude oil [Brent] futures experienced an uptick following positive industrial production and retail numbers from China, which contributed to improved market sentiment," SPI Asset Management's managing partner Stephen Innes said. "Worries about China demand have been a major point of concern for oil traders and the relatively upbeat economic prints should alleviate some of those concerns," he further added.

### **Downward pressure:**

Brent futures came under pressure after the American Petroleum Institute (API) reported a 1.34 million bbls rise in US commercial crude inventories in the week ended 10 November, according to data cited by Trading Economics.

The broadly followed US government data on crude oil stockpiles from the US Energy Information Administration (EIA) is due later today.

The recent market report from IEA suggested that the oil market may not be as constrained as initially anticipated in the fourth quarter of this year. Higher production from non-OPEC+ producers will offset some of the supply cuts from OPEC+ producers, the IEA stated.

"The softened outlook for the physical oil market aligns with recent declines in oil prices over the past three weeks, leading to Brent crude, the global benchmark, reaching its lowest trade in over three months last week," Innes further noted.

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