

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most bunker benchmarks in the Americas have declined with Brent values, and fixing prompt HSFO stems can be difficult in Houston.

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

- **VLSFO prices down in Los Angeles (\$15/mt), New York and Balboa (\$14/mt), Houston (\$11/mt) and Zona Comun (\$10/mt)**
- **LSMGO prices down in Zona Comun (\$23/mt), Los Angeles (\$21/mt), New York (\$20/mt), Balboa (\$19/mt) and Houston (\$14/mt)**
- **HSFO prices up in Houston (\$5/mt), and down in New York, Los Angeles and Balboa (\$11/mt)**

Most bunker benchmarks in the Americas have dropped in the past day. But Houston's HSFO price has moved counter to the general market direction and gained slightly. Some higher-priced indications for the grade have pushed the benchmark higher.

Meanwhile, the port's VLSFO price has dropped with downward pressure from Brent's movement. This has resulted in narrowing Houston's Hi5 spread further from \$76/mt yesterday, to \$60/mt now. Its Hi5 spread is much narrower than the spreads of \$177/mt in Los Angeles, \$132/mt in Balboa and \$92/mt in New York.

There has been an uptick in HSFO demand in Houston. Despite the rise in demand, several suppliers are struggling to offer the grade for delivery dates this month.

Bunker deliveries resumed in the Galveston Offshore Lightering Area (GOLA) today after being suspended since Tuesday due to strong wind gusts. Suppliers are now working to clear backlogs from recent weather disruptions.

Brent

The front-month ICE Brent contract has dropped by \$1.63/bbl on the day, to trade at \$80.65/bbl at to 07.00 CST (13.00 GMT).

Upward pressure

Brent futures gained strength this week on the back of bullish oil demand projections from global agencies, contributing to a positive oil market sentiment.

Paris-based energy firm International Energy Agency (IEA) and top oil-producers group OPEC maintained an optimistic outlook on global oil demand growth in 2023 in their latest oil market reports, highlighting demand growth in China and other Asian countries.

Total crude oil imports in Asia reached 26.93 million b/d in the first ten months of 2023. This was an increase of 1.34 million b/d compared to the entirety of 2022 when 25.59 million b/d were imported, Reuters reported citing LSEG data.

The IEA increased its forecast for global crude oil demand by 100,000 b/d to 2.40 million b/d in 2023, while OPEC raised its 2023 demand forecast to 2.46 million b/d, up by 20,000 b/d from its previous projection.

“The IEA revised up its 2023 oil demand growth forecast as a result of Chinese demand hitting record levels, while US demand has also been stronger than the agency was expecting,” said ING’s head of commodities strategy Warren Patterson.

Downward pressure:

Brent’s upward gains were capped after the US Energy Information Administration (EIA) reported a 3.60 million bbls rise in commercial US crude inventories in the week ended 10 November. The weekly increase in US crude stocks was bigger than both the American Petroleum Institute's projection of a 1.34 million bbls increase and the 1.80 million bbls forecast from Reuters analysts poll.

“Oil prices nosedived after government data showed U.S. crude oil stockpiles spiked above consensus last week while demand for refined fuels fell,” SPI Asset Management’s managing partner Stephen Innes said.

The US energy agency’s weekly inventory data returned yesterday after a week of hiatus for a scheduled system update. As a result, the oil market received compiled data for two weeks.

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