

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in Americas ports have mostly gained, and bunkering is suspended in GOLA due to rough weather conditions.

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

- **VLSFO prices up in Zona Comun (\$50/mt), New York (\$29/mt) and Houston (\$1/mt), and down in Balboa (\$6/mt)**
- **LSMGO prices up in Los Angeles (\$107/mt), Zona Comun (\$101/mt), Houston (\$49/mt), New York (\$41/mt), and down in Balboa (\$1/mt)**
- **HSFO prices up in Balboa (\$28/mt), Houston (\$23/mt) and New York (\$2/mt)**

Over the weekend, Zona Comun's LSMGO price saw a much larger increase than prices in the Brazilian ports of Rio Grande and Santos, which went up by \$48/mt and \$45/mt, respectively.

This has flipped Zona Comun's LSMGO price discount of \$29/mt to Santos on Friday, to a premium of \$27/mt now. It has also narrowed Zona Comun's LSMGO price discount to Rio Grande from \$56/mt, to just \$3/mt now.

Bunker operations at Argentina's Zona Comun anchorage have been going ahead smoothly after weather conditions calmed. Demand for VLSFO and LSMGO has increased at the anchorage. However, operations may be disrupted when strong wind gusts are forecast from Wednesday onwards.

Bunker operations have been suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts of up to 37 knots. Calmer conditions are forecast from Thursday onwards, which could allow bunkering to resume.

## **Brent**

The front-month ICE Brent contract has jumped \$3.54/bbl higher on the day from Friday, to \$82.11/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Brent has climbed back above \$80/bbl as market participants predict Saudi Arabia and Russia will extend their production cuts into 2024. An announcement is expected at OPEC+'s joint ministerial meeting on 26 November.

It is rumoured that the US will impose tighter sanctions on Iran, ANZ's senior commodity strategist Daniel Hynes writes in a recent report. "Ship tracking data suggests [Iranian exports] are not far off levels seen before the US pulled out of the Iran nuclear deal. Tighter sanctions could result in between 0.5-1.5mb/d [million b/d] of oil being pulled from the market," he adds.

Goldman Sachs estimates that Brent will soar even higher in 2024 due to a "combination of supply constraints and steady demand growth". In its latest macro-outlook report, the investment bank forecasts Brent to reach \$88/bbl in three months, \$92/bbl in six months and average at \$93/bbl within a year.

### **Downward pressure:**

Concerns over global supply shortages are slowly dissipating as non-OPEC producers gradually increase production, limiting Brent's price gain.

Global oil supply is "firmly on an upward trajectory," said the International Energy Agency (IEA) in its November oil market report. This will be led by non-OPEC producers, IEA added. The IEA projects the US, Canada, Brazil and Guyana to produce a combined 1.7 million b/d more than they did this year in 2024.

Meanwhile, the IEA has also forecast global demand growth to slow down sharply to 930,000 b/d in 2024, from 2.4 million b/d this year.

The prospect of rising non-OPEC oil supply combined with a potential slowdown in demand has led hedge fund traders and money managers to reduce their long positions in Brent to the lowest level since late May. The Commitments of Traders report from the Commodity Futures Trading Commission shows that money managers reduced their long positions in Brent futures from 227,000 on 7 November to 223,000 on 14 November.

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