ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have come down with Brent, and bunker operations remain suspended in GOLA.

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

- **VLSFO prices down in Houston ($2/mt), Balboa and Zona Comun ($1/mt)**
- **LSMGO prices down in Zona Comun ($57/mt), Houston ($32/mt) and Balboa ($2/mt)**
- **HSFO prices up in Balboa ($3/mt), and down in Houston ($31/mt)**

Houston's HSFO price has shed a lot of value in the past day compared to the port's VLSFO price. This nearly doubled Houston's Hi5 spread from just $35/mt yesterday, to $64/mt now.

Houston's LSMGO price has also dropped heavily since yesterday. Meanwhile, Balboa's LSMGO benchmark has fallen marginally, flipping its $3/mt LSMGO price premium over Houston, to a $27/mt discount now.

Despite lower demand for all fuel grades this week in Balboa, the port's HSFO benchmark has defied Brent's downward movement and gained slightly in the past day, narrowing its HSFO discount to Houston from $41/mt, to $7/mt now.

Bunker operations have remained suspended in the Galveston Offshore Lightering Area (GOLA) since yesterday due to strong wind gusts. Operations are expected to resume with calmer weather from tomorrow evening.

Bunker deliveries are currently underway in Argentina's Zona Comun. But high winds and rough seas are forecast from tomorrow onwards, which could disrupt bunkering. Some suppliers can supply stems as and when the weather permits, a source says.

Brent

The front-month ICE Brent contract has dropped by $0.14/bbl on the day, to $81.97/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

“The recent price crash in oil led by hedge funds is raising the possibility of OPEC’s revenge,” Phil Flynn, senior market analyst at Price Futures Group said in a recent report.

Market participants are now speculating that OPEC+ will not only extend its production cuts, but even announce additional reductions at the ministerial meeting on Sunday, Flynn asserted. “Not only because some of the members are unhappy with the war in Gaza but also because they believe that speculators have taken control of this market,” he said.

In fact, OPEC's monthly oil report last week substantiated this notion. The coalition pointed out that the sharp fall in crude oil prices during the first week of October was largely driven by investors capitalising on profit-booking from the September price rise.

OPEC remains optimistic about demand growth next year, in contrast to a recent International Energy Agency (IEA) prediction. OPEC forecasts global oil demand to grow by 2.25 million b/d next year, while the IEA sees it slowing down to just 930,000 b/d from current levels of 2.4 million b/d.

Downward pressure

Meanwhile, rising crude oil production in the US and other non-OPEC countries has alleviated some concerns about a global supply shortage. The Energy Information Administration (EIA) predicts non-OPEC production to rise to 68.18 million b/d in 2023, from 65.82 million b/d in 2022. The figure is expected to rise even further next year, to 69.32 million b/d.

The number of US oil rigs rose by six units to 500 last week, after falling for two consecutive weeks, according to Baker Hughes. A rise in US oil rigs indicates increased domestic production capacity.

Commercial US crude oil inventories have gained by 17 million bbls in the last two weeks, according to EIA.

UAE energy minister Suhail Mohamed Faraj Al Mazrouei insisted that the Israel-Hamas conflict will not directly affect oil supply in the Middle East in the short-term, according to Daniel Hynes, senior commodity strategist at ANZ. “This capped any potential geopolitical risk premium,” Hynes noted.

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