
# ENGINE: Americas Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and bunker operations are suspended in GOLA and Zona Comun.

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

- **VLSFO prices up in Houston ($48/mt) and Balboa ($27/mt), and down in Zona Comun ($45/mt)**
- **LSMGO prices up in Zona Comun ($68/mt), and down in Los Angeles ($12/mt), Houston ($9/mt), Balboa ($5/mt) and New York ($2/mt)**
- **HSFO prices up in New York ($11/mt) and Houston ($1/mt), and down in Los Angeles and Balboa ($3/mt)**

Houston's VLSFO benchmark has gained by more than its HSFO benchmark in the past day, widening its Hi5 spread from $64/mt yesterday, to above $100/mt now. At $111/mt, Houston's Hi5 spread is wider than the spread of $102/mt in New York. But narrower than Los Angeles' big $204/mt spread.

Los Angeles' Hi5 spread has widened by $183/mt since 15 May, when the spread narrowed to its lowest level in more than a year.

Zona Comun's LSMGO price has gained the most in the past day, while the LSMGO price in the Brazilian port of Rio Grande has dropped by $18/mt. This has flipped Zona Comun's $50/mt LSMGO discount to Rio Grande, to a $36/mt premium now.

Bunker operations have been suspended in Zona Comun today due to rough weather conditions. The area is experiencing strong gale-force wind gusts of up to 30 knots. Calmer weather is forecast for tomorrow morning.

Bunker operations remain suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts. A window of calm weather is forecast between Thursday and Friday morning, which could enable bunker operations to resume in GOLA before conditions are set to deteriorate again.

**Brent**

The front-month ICE Brent contract has dropped by $1.11/bbl on the day, to $80.86/bbl at 07.00 CST (13.00 GMT) today.

**Upward pressure:**

Market speculation is rife that OPEC+ will impose additional production cuts while extending its existing voluntary output cuts. A significant reduction in output, based on volume, can dramatically hit already tight oil supply in the global market and push Brent higher.

Meanwhile, the threat of dwindling global oil inventories is yet another catalyst that could boost Brent prices in the near term.

“Modest upward oil price pressures in the coming months reflect a slight decline in global oil inventories in the first half of 2024 as risks of supply disruptions remain high,” the Energy Information Administration (EIA) said in its monthly oil report.

Energy-focused hedge fund investor Eric Nuttall holds a similar view. “Even assuming recession in the US and Europe, no further cuts from OPEC+, the end of HRH's [Saudi oil minister Abdulaziz bin Salman Al Saud] generous lollipop cut in Q2, and non-OPEC supply growth of 0.9MM Bbl/d [900,000 b/d], we still see inventories falling, from already multi-year lows, despite the absorption of ~288MM Bbls [288 million bbls] from the SPR,” Nuttall wrote in a social media post.

**Downward pressure**

US commercial crude inventories jumped by a whopping 9.05 million bbls in the week ended 17 November, Trading Economics reported citing American Petroleum Institute (API) estimates. This could offset speculations about potential OPEC+ output cuts at the joint ministerial meeting on 30 November, capping Brent's price gains.

EIA's official data on US crude oil stockpiles is scheduled to be released later today.

OPEC member UAE “is set to boost its production by 135kb/d [135,000 b/d] to 3.075mb/d [3.075 million b/d] in 2024,” ANZ senior commodity strategist Daniel Hynes said in a note.

Iran also plans to ramp up oil production to reach 3.6 million b/d by March next year, its state-owned media agency IRNA reported citing Iranian oil minister Javad Owji. Iran could theoretically supply more oil to the global market by increasing its output. However, lingering US sanctions could dent those prospects.

*By Debarati Bhattacharjee and Konica Bhatt*