ENGINE: Americas Bunker Fuel Market Update

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Most regional bunker benchmarks have increased with Brent, and thick fog and reduced visibility could impact vessel traffic through the Houston Ship Channel.

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

- **VLSFO prices up in Houston ($32/mt), Balboa and Zona Comun ($18/mt)**
- **LSMGO prices up in Zona Comun ($31/mt), Balboa ($25/mt), Houston ($20/mt) and New York ($16/mt)**
- **HSFO prices up in New York ($19/mt) and Houston ($11/mt)**

Houston's VLSFO price has gained more than other Americas ports in the past day. Despite the steep gain, the port's VLSFO is still priced at a discount of $21/mt and $41/mt to Balboa and Zona Comun.

VLSFO price in Houston has increased by almost $80/mt over the last week. Availability of VLSFO in Houston has become tighter, with longer lead times of more than seven days recommended to ensure full coverage from all suppliers, a source says. Tighter availability of the grade has added upward price pressure on the port's VLSFO benchmark.

There is a moderate to high risk of fog and reduced visibility is forecast around Corpus Christi, Lake Charles, Port Arthur, Galveston and Freeport from tomorrow onwards, which could delay vessel traffic around the region and through the Houston Ship Channel until Sunday, Norton Lilly says.

The channel is a key waterway for vessels going in and out of ports in the Houston area, including Galveston, Baytown and Texas City.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). Wind gusts of up to 46 knots are forecast for later today and could trigger another bunker suspension. High winds are forecast until Friday, which could cause more delays and disruptions.

Brent

The front-month ICE Brent contract has surged $2.23/bbl higher on the day, to trade at $82.92/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent's price found some support ahead of the OPEC+ joint ministerial meeting to discuss crucial output policy for 2024. Oil analysts expect top oil producers Saudi Arabia and Russia to continue individual cuts at least through the first quarter of 2024.

Besides, there are speculations that an "additional modest backstop cut" could be discussed in the OPEC+ meeting on Thursday, said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, a short-term supply disruption caused by a sudden storm in the Black Sea has also lifted Brent futures. Earlier this week, a severe storm in the Black Sea region suspended around 2 million b/d of oil exports from Kazakhstan and Russia, Reuters reported citing port agent data. Kazakhstan's largest oilfields (Tengiz, Kashagan, and Karachaganak) have cut combined daily oil output by 56%, according to its energy ministry.

Additionally, a drop in weekly US commercial crude inventories also provided some support to Brent. US commercial crude inventories fell by 820,000 bbls in the week ended 24 November, according to the American Petroleum Institute (API) data cited by Trading Economics.

Downward pressure:

Meanwhile, Brent futures felt some downward pressure this week as OPEC+ postponed its meeting. Reduced compliance among some OPEC members including Angola and Nigeria who are "not happy" with their lowered output targets might have caused this delay, according to oil market analysts.

An oversupply in the market will likely cause Brent to move downwards, hence maintaining current production cuts and adhering to the set targets will be the key topic of the OPEC+ meeting.

"Sentiment in the oil market remains negative despite the growing noise of potentially deeper OPEC+ cuts," said two analysts from ING Bank. "If they [OPEC+] fail to come to a preliminary deal, we cannot rule out the risk that the meeting is further delayed, which would likely put some downward pressure on oil prices," they further added.

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