ENGINE: Americas Bunker Fuel Market Update

30/11/23

Regional bunker benchmarks have moved in mixed directions, and bunker operations are suspended in GOLA and off Corpus Christi.

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

- **VLSFO prices up in Houston ($14/mt), and down in Balboa ($11/mt) and Zona Comun ($5/mt)**
- **LSMGO prices up in Houston ($7/mt), and down in New York ($16/mt), Balboa ($15/mt) and Zona Comun ($7/mt)**
- **HSFO prices up in Balboa ($29/mt), Houston ($8/mt) and New York ($6/mt)**

Houston’s VLSFO price has gained in the past day. One higher-priced 50-150 mt VLSFO stem with prompt delivery has supported the port's benchmark gain. Meanwhile, Balboa’s VLSFO price has run counter to Brent's upthrust and fell in the past day. The diverging price moves have flipped its VLSFO price premium of $21/mt over Houston, to a $4/mt discount now.

On the other hand, Houston’s HSFO price has made a smaller gain in the past day compared to Balboa’s steep price gain. This has flipped Houston’s HSFO price from a premium of $10/mt over Balboa, to a discount of $11/mt.

Bunkering has been suspended in the Galveston Offshore Lightering Area (GOLA) and off Corpus Christi in the US Gulf Coast today due to rough weather conditions. GOLA is experiencing strong gale-force wind gusts of up to 46 knots. Calmer weather is forecast from tomorrow evening onwards, which could allow bunkering to resume.

The ongoing drought in Panama has led to increased transit delays through the channel, impacting the demand for bunkers in the region. As a result, many shipowners are opting to lift bunkers at alternative ports in the Caribbean region due to the delays in the Panama Canal.

Brent

The front-month ICE Brent contract has gained $1.10/bbl on the day, to trade at $84.02/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures remained supported as the oil market has shifted its focus from weak demand indicators to the upcoming OPEC+ meeting. The group is scheduled to hold a virtual meeting later today to discuss crude oil production quotas for 2024.

OPEC+ delayed its joint ministerial meeting by four days from 26 November after an alleged disagreement over output targets for next year.

The coalition is widely expected to continue output cuts until it achieves a "balance" in the oil market. These cuts are expected to be in addition to the voluntary supply reduction pledges from Saudi Arabia and Russia.

"All eyes are on OPEC+," said two analysts from ING Bank. "The group will want to avoid disappointing the market given high expectations," they added.

Downward pressure:

Brent's price felt some downward pressure after the US Energy Information Administration (EIA) reported a surprise build in US crude stocks. Commercial US crude inventories grew by 1.61 million bbls to 449.66 million bbls in the week ended 24 November, according to the EIA.

The weekly stock build ran counter to the American Petroleum Institute's (API) projection of an 820,000 bbls draw. "The [US crude stock] build comes despite US net exports of crude and products hitting an all-time high of 4.45MMbbls/d [4.45 million b/d] last week," ING Bank's head of commodities strategy Warren Patterson said.

Meanwhile, disputes within the OPEC+ group over reduced output targets for 2024 are still adding uncertainty to the oil market, analysts said. "It is still not clear if the group has been able to resolve a disagreement over Angolan and Nigerian production targets for next year," Patterson added.

The oil market will come under further pressure if OPEC fails to reach a consensus on output targets for 2024. "Clearly, this growing expectation leaves downside risk for the market if OPEC+ disappoint later today," ING Bank's analysts added.

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