ENGINE: Americas Bunker Fuel Market Update

01/12/23

Most bunker benchmarks in the Americas have declined with Brent values, and Houston has seen a jump in the number of stems fixed this week.

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

- **VLSFO prices down in Houston ($44/mt), Zona Comun ($35/mt), Balboa ($25/mt) and New York ($3/mt)**
- **LSMGO prices up in New York ($6/mt), and down in Houston ($63/mt), Zona Comun ($62/mt), Balboa ($21/mt) and Los Angeles ($9/mt)**
- **HSFO prices up in Los Angeles ($10/mt), and down in New York ($33/mt), Balboa ($23/mt) and Houston ($19/mt)**

Houston has seen a substantial rise in the number of stems fixed this week. Between Monday and so far today, around 14 stems have been recorded by ENGINE, up from six stems fixed over the same period last week. Out of the 14 stems, seven stems have been for LSMGO, four for LSMGO and three for HSFO.

LSMGO and VLSFO availability is normal in Houston, with most suppliers able to deliver stems with lead times of 3-5 days.

Houston's LSMGO price has dropped the most in the past day with downward price pressure from a lower-priced stem. Meanwhile, New York's LSMGO price has countered Brent's movement and gained in the past day, widening New York's LSMGO premium from $52/mt, to $121/mt.

Vessel traffic through the Houston Ship Channel was briefly closed due to high fog this morning but has since reopened at 4:30 local time (10:30 GMT), according to ship agency Norton Lilly

Bunker demand in Cristobal has decreased due to fewer vessels transiting the Panama Canal. Because of heightened transit delays, the cost of securing a special auction slot to transit the channel has increased. It typically cost $100,000, but three slots were booked yesterday for $1.9 million, a source says.

The Panama Canal Authority (ACP) recently introduced a temporary measure to offer a special auction slot for vessels waiting to pass through the waterway. The special auction offers ships that have been waiting for a long duration to pay a one-time fee to skip the long queue.

Brent

The front-month ICE Brent contract has plummeted $3.43/bbl on the day, to trade at $80.59/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures found some support after several member nations of the Organization of the Petroleum Exporting Countries and its allies (OPEC+) agreed to extend additional voluntary supply cuts in 2024, amounting to 2.2 million b/d.

OPEC's leading oil producer and de-facto leader Saudi Arabia will cut an additional 1 million b/d oil supply starting 1 January until the end of March 2024, it said. The group's top ally Russia will cut exports by an additional 500,000 b/d during January-March 2024.

Among other members, Iraq, the UAE, Kuwait, Kazakhstan, Oman, and Algeria have agreed to fulfill new production targets for 2024, the group said.

Meanwhile, Brazilian energy minister Alexandre Silveira announced yesterday that Brazil will become an official member of the OPEC+ alliance from 1 January 2024. However, it remains uncertain whether Brazil will participate in production cuts from next year because of its membership.

Downward pressure:

Brent futures plunged as voluntary oil output cuts announced by the OPEC+ producers failed to meet market expectations. The oil market remains underwhelmed despite OPEC+ reaching a consensus on production targets for 2024, analysts said.

"The oil market has faced the curse of the 'buy the rumour, sell the fact' due to uncertainty over the anticipated extended [OPEC+] oil supply cuts for 2024," said OANDA's senior market analyst Kelvin Wong. Moreover, oil investors are concerned about weak global demand amid an increase in crude inventories in the US, he added.

Commercial US crude inventories grew by 1.61 million bbls to 449.66 million bbls in the week ended 24 November, according to the US Energy Information Administration (EIA).

While seven OPEC+ member countries announced additional production cuts for the first quarter of 2024, these agreed cuts are voluntary and temporary. Therefore, it is likely that some member nations may not adhere to these output quotas, according to oil market analysts.

Moreover, "Angola has 'revolted' against its new supply target and stated it will continue pumping as usual, increasing the risk that other OPEC+ members may not follow through on the latest set of agreed commitments," Wong said.

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