ENGINE: Americas Bunker Fuel Market Update

08/12/23

Regional bunker benchmarks have moved in mixed directions. New York's LSMGO premium over Houston's has widened.

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

- **VLSFO prices up in New York ($19/mt) and Zona Comun ($5/mt), unchanged in Houston, and down in Balboa ($5/mt)**
- **LSMGO prices up in New York ($35/mt), Zona Comun ($9/mt) and Los Angeles ($3/mt), and down in Balboa ($6/mt) and Houston ($1/mt)**
- **HSFO prices up in Houston, Los Angeles and Balboa ($4/mt)**

Balboa's HSFO price has gained by $4/mt, while its VLSFO price has shed $5/mt in the past day. The diverging price moves have narrowed the port's Hi5 spread from $103/mt yesterday, to $94/mt now. At $94/mt, the port's Hi5 spread is still considerably wider than Houston's $68/mt.

Prompt HSFO availability is tight in Houston, which has put upward pressure on its price and contributed to narrow its Hi5 spread. Two HSFO stems for non-prompt delivery dates were fixed at around $490/mt in the port earlier today.

New York's LSMGO price has gained sharply, helped by a higher-priced indication. The steep gain has widened New York's LSMGO price premium over Houston significantly -from $78/mt yesterday to $114/mt now.

VLSFO and LSMGO availability is normal in the East Coast port of New York. Its VLSFO is priced $19/mt higher than Houston's.

HSFO availability is tight in La Libertad in Ecuador. One supplier is running low on stock and has refrained from providing lead times for the grade.

Brent

The front-month ICE Brent contract has increased $0.53/bbl on the day, to trade at $75.71/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

Brent futures recovered the previous day's loss after the oil market reacted positively to a joint statement released by major oil producers Saudi Arabia and Russia that urged all OPEC+ members to agree on supply cuts in a bid to "support the global economy."

"They [Saudi Arabia and Russia] stressed the importance of continuing this cooperation, and the need for all participating countries to adhere to the OPEC+ agreement, in a way that serves the interests of producers and consumers and supports the growth of the global economy," reported Saudi state-owned media agency SPA.

Last month, the Organization of the Petroleum Exporting Countries and its allies [OPEC+] agreed to a combined supply reduction of 2.2 million b/d in the first quarter of 2024. Oil analysts expect this move to support oil prices.

Brent's price gained further support after Russia agreed to disclose more data on refining and export volumes following a request from the OPEC+ group to ensure transparency, Reuters reported citing sources. This comes amid concerns in the oil market if Russia has been sticking to its oil and oil products export cuts promises.

Downward pressure:

Meanwhile, a sharp rise in Brent futures was capped due to concerns about a slowdown in global oil demand, analysts said. Data released by China yesterday showed oil imports in November fell to 10.33 million b/d, a decrease of over 1 million b/d from October's import (11.53 million b/d).

The drop in Chinese oil imports could signal declining oil demand in the world's second-largest crude oil importer.

"The momentum in oil futures rode a modest downdraft following the release of overnight trade data from China, revealing a decline in crude inflows," said SPI Asset Management's managing partner Stephen Innes. "This figure [crude imports in November] is almost 9% below the import rate from when China grappled with COVID-19 lockdown measures a year ago," he further commented.

By Nithin Chandran and Aparupa Mazumder