

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices have moved in mixed directions across Americas ports, and rough weather could disrupt bunkering in GOLA again.

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

- **VLSFO prices unchanged in Houston and New York, and down in Balboa (\$14/mt)**
- **LSMGO prices up in New York (\$8/mt), and down in Los Angeles (\$44/mt), Balboa (\$12/mt) and Houston (\$7/mt)**
- **HSFO prices up in Los Angeles (\$15/mt), and down in Balboa (\$17/mt), New York and Houston (\$1/mt)**

Los Angeles' LSMGO price has come down steeply over the weekend with pressure from a firm offer at a lower level. Meanwhile, New York's LSMGO price has gained over the weekend. This has widened New York's LSMGO price premium over Los Angeles from \$22/mt on Friday, to \$74/mt now.

Availability of all grades is tight in the West Coast ports of Los Angeles and Long Beach. Only one supplier is able to offer VLSFO and LSMGO stems in Los Angeles with a lead time of more than seven days.

Bunker operations resumed in the Galveston Offshore Lightering Area (GOLA) today, after being suspended over the weekend due to strong wind gusts. Suppliers are now working to clear backlogs caused by recent weather disruptions. But wind gusts of up to 40 knots are forecast to hit the region from tomorrow, which could cause prolonged delays and disruptions again, a source says.

Bunker deliveries are expected to be disrupted in the Bahamas' Freeport as well due to strong wind gusts of up to 43 knots forecast tomorrow.

Brent

The front-month ICE Brent contract has inched \$0.04/bbl up on the day since Friday, to trade at \$75.75/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures extended the previous week's gains after the oil market grew confident about a recovering global demand for crude oil.

Brent's price found support after the US government on Friday announced that it will purchase up to 3 million bbls of crude oil for its Strategic Petroleum Reserve (SPR) scheduled to be delivered in March 2024, Reuters reported. In the first week of December, the nation's SPR stood at 351.9 million bbls, down from 387 million bbls a year ago, according to Energy Information Administration (EIA) data.

Meanwhile, China said it will continue to implement fiscal and monetary policies to "spur domestic demand" to support the country's economic recovery in the coming year, Reuters quoted China's Politburo as saying. The country said it will enforce policies that will be "flexible, moderate, precise, and effective," the Politburo was further quoted as saying.

Any improvement in China's economic conditions with new monetary policies will help drive oil demand growth in the world's second-largest oil importer, analysts said.

Downward pressure:

Brent futures felt some downward pressure due to market speculation about actual supply reductions in the physical oil market.

Even though the Organization of the Petroleum Exporting Countries and allies (OPEC+) pledged a reduction of 2.2 million b/d of crude in the first quarter of 2024, non-OPEC output growth is set to counter the oil-producer group of nation's bid to bring a "balance" in the oil market with supply cuts, analysts said.

"The recent production cuts by OPEC+ have raised concerns in the oil market about the cartel's ability to control supply in the long term effectively," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, OPEC+'s new member, Brazil, which is set to join the group in January 2024 said that it will not participate in the ongoing supply reductions.

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