

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

13/12/23

Most regional bunker benchmarks have declined again, and prompt availability is tight for all grades in Zona Comun.

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

- **VLSFO prices unchanged in Zona Comun, and down in New York (\$11/mt), Balboa (\$8/mt) and Houston (\$3/mt)**
- **LSMGO prices down in Houston (\$39/mt), Balboa (\$25/mt), New York (\$16/mt) and Zona Comun (\$1/mt)**
- **HSFO prices down in Balboa (\$17/mt), New York (\$10/mt) and Houston (\$9/mt)**

Houston has seen a jump in the number of stems fixed in the past day. Seven stems for both prompt and non-prompt delivery have been recorded by ENGINE since yesterday. Four stems have been for VLSFO and three for LSMGO.

Houston's LSMGO price has made a steeper decline compared to other regional ports. All three LSMGO stems were fixed at lower prices than Houston's benchmark noted a day ago, pulling the benchmark's prices lower.

New York's LSMGO premium over Houston has widened from \$131/mt, to \$154/mt now.

Bunker operations remain suspended in the Galveston Offshore Lightering Area (GOLA) due to rough weather conditions. The area is currently experiencing strong gale-force wind gusts of up to 46 knots. Weather conditions are forecast to remain bad until Sunday, which could cause prolonged delays and disruptions.

Prompt VLSFO and LSMGO availability is tight in GOLA and deliveries of both grades are subject to enquiry now, a source says.

Prompt availability is also tight for all grades in Argentina's Zona Comun because of the robust bunker demand from cruise vessels, a source says. Lead times of 7-10 days are recommended for both VLSFO and LSMGO.

Brent

The front-month ICE Brent contract lost \$2.10/bbl on the day, to trade at \$73.49/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures gained some support after the American Petroleum Institute (API) reported a 2.35 million bbls decline in US commercial crude oil inventories in the week ended 8 December.

Recent missile strikes and drone attacks on vessels bound for Israel have increased the risk of shipping oil tankers through the Red Sea. Brent's price found some support amid concerns about shipping oil around the region.

Earlier this week, the Houthi rebel group in Yemen warned they would attack ships heading to Israeli ports in retaliation for the country's actions in Gaza.

Downward pressure:

Brent futures fell sharply after the US Consumer Price Index (CPI) report disappointed global markets, wiping out the previous day's gains. The oil market faces challenges due to higher-than-expected US inflation numbers in November, reported Reuters.

The latest US CPI figures reinforced speculations that the US Federal Reserve (Fed) could increase interest rates to control inflation, after it concludes the two-day Federal Open Market Committee (FOMC) meeting today, analysts said.

The US CPI report "indicated that inflation remained persistent in November despite a widespread decrease in gasoline and energy prices," said SPI Asset Management's managing partner Stephen Innes. "This development diminishes the outlook for the Federal Reserve [Fed] to initiate interest rate cuts as aggressively as market pricing, which raises the odds of a Fed-induced recession," he further added.

Higher interest rates potentially impact consumer spending, especially on commodities like oil, which in turn could lower demand growth.

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