

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have gained, and bad weather triggers bunker suspensions in GOLLA and Zona Comun.

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

- **VLSFO prices up in New York (\$20/mt), Balboa (\$19/mt), Zona Comun (\$17/mt) and Houston (\$16/mt)**
- **LSMGO prices up in Zona Comun (\$34/mt), New York (\$23/mt), Houston (\$22/mt) and Balboa (\$14/mt)**
- **HSFO prices up in New York (\$21/mt), Houston (\$17/mt) and Balboa (\$13/mt)**

HSFO availability has been tight in New York. As a result, the port's Hi5 spread has shrunk to just \$38/mt now. New York's HSFO price is currently priced higher than most American and foreign bunker ports.

Meanwhile, Houston's Hi5 spread has also narrowed to \$46/mt now.

Zona Comun's LSMGO price has gained the most in the past day, while the grade's price in the Balboa has increased slightly. This has widened Zona Comun's LSMGO price premium over Balboa from \$325/mt, to \$345/mt now.

Zona Comun's LSMGO is trading at premiums over most other Americas ports due to the tight availability of the grade.

Bunker operations have been suspended in Zona Comun today due to rough weather conditions. The area is experiencing strong gale-force wind gusts of up to 34 knots, making barge deliveries difficult. Calmer weather conditions are forecast tomorrow, which could allow bunkering to resume. But, conditions are forecast to deteriorate over the weekend, which could trigger another suspension.

Bunkering also remains suspended in the Galveston Offshore Lightering Area (GOLA) and off Corpus Christi in the US Gulf Coast today due to rough weather conditions. The region is experiencing strong gale-force wind gusts of up to 46 knots and the weather is forecast to remain rough until Sunday.

Brent

The front-month ICE Brent contract gained \$2.23/bbl on the day, to trade at \$75.72/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent's price moved up after the US Energy Information Administration reported a bigger-than-expected US crude stock draw. Commercial US crude inventories dropped by 4.26 million bbls on the week, to 440.77 million bbls on 8 December, according to the EIA.

"[Brent] prices received an early session bid from the weekly inventory report released by the Energy Information Administration [EIA]," said SPI Asset Management's managing partner Stephen Innes.

The US Federal Reserve left interest rates unchanged after it concluded the two-day Federal Open Market Committee (FOMC) meeting yesterday. However, the central bank signalled that it will consider interest rate cuts next year. The anticipation of lower interest rates further fuelled Brent's rally.

A more positive demand forecast emerged in the oil market following the Fed's 'dovish' signals of lower borrowing costs expected in 2024, analysts said. "This development [FOMC meeting] significantly reduced the likelihood of an economic slowdown in 2024 that could adversely impact demand," Innes added.

Lower interest rates reduce consumer borrowing costs, thereby stimulating economic growth and demand for oil.

Downward pressure:

Concerns about slowing demand in China topped with the latest disappointing US Consumer Price Index (CPI) report have added some downward pressure on Brent futures.

China's latest oil import data for November has disappointed the market, analysts said. Imports 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.

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