

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

21/12/23

Most bunker benchmarks in major Americas ports have declined again with Brent, with the notable exception of Houston's gaining LSMGO price.

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

- **VLSFO prices down in Houston (\$26/mt), Zona Comun (\$23/mt), New York (\$21/mt) and Balboa (\$19/mt)**
- **LSMGO prices up in Houston (\$12/mt), and down in New York (\$21/mt), Los Angeles and Balboa (\$17/mt)**
- **HSFO prices up in Balboa (\$26/mt), New York (\$20/mt), Houston (\$16/mt) and Los Angeles (\$10/mt)**

Houston's LSMGO price has countered the broader market direction and continued with its gaining streak with support from a firm offer at a higher level. Meanwhile, New York's LSMGO price has dropped in the past day, to narrow its LSMGO price premium over Houston from \$45/mt yesterday, to \$12/mt now.

LSMGO prices in Houston and several other ports along the US Gulf Coast, including the Galveston Offshore Lightering Area (GOLA), have increased this week due to a decrease in availability of the fuel in the region. Bunker demand is supported by the upcoming Christmas and year-end holidays, which are expected to increase demand for shipping goods.

There is a risk of fog and low visibility around the US Gulf Coast from tomorrow, which might delay ship movements through the Houston Ship Channel, a source says. Moreover, wind gusts of up to 34 knots are forecast over the weekend in the GOLA, which could trigger a suspension.

Bunker operations resumed in Zona Comun this morning after being suspended since Tuesday due to bad weather conditions.

Zona Comun has been experiencing decreased traffic for the past two weeks, resulting in lower demand. A severe drought has decreased exports from the region by 40% in 2023, compared to 2022.

## **Brent**

The front-month ICE Brent contract dropped by \$1.33/bbl on the day, to trade at \$78.79/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Drone attacks by Iran-aligned Houthi militants in the Red Sea have caused substantial delays to commercial shipping voyages, including those of oil tankers, this week. It has also supported Brent's price.

"For the oil trade, it is a wake-up call," commented Price Futures Group's senior market analyst Phil Flynn.

Sustained Houthi attacks on vessels sailing in the Red Sea, and rising war-risk premiums, have put upward pressure on Brent futures, analysts said.

"War premium is a real cost. Because we are seeing shipments being delayed, taking longer routes is a real cost," Flynn added.

### **Downward pressure:**

Brent gains have been capped by a bigger-than-expected US crude stock build reported by the US Energy Information Administration (EIA). This could signal weaker demand growth in the world's largest oil-consuming country.

Commercial US crude inventories increased by 2.90 million bbls on the week, to 443.68 million bbls on 15 December, according to the EIA.

The weekly stock build was bigger than the American Petroleum Institute's (API) projection of a 939,000 bbl build a day earlier.

Meanwhile, Brent futures felt additional downward pressure after domestic US oil production hit a record high, said SPI Asset Management's managing partner Stephen Innes.

"A noteworthy milestone accompanied this surge [in US crude stocks], as domestic US oil production reached a new record high of 13.3 million barrels per day [b/d]," Innes said.

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