

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas have mostly declined over the weekend, and rough weather conditions could hold back GOLLA bunkering at the start of the week.

Changes on the day from Friday to 06.00 CST (11.00 GMT) today:

- **VLSFO prices up in Zona Comun (\$24/mt) and New York (\$6/mt), and down in Los Angeles (\$22/mt), Balboa (\$3/mt) and Houston (\$1/mt)**
- **LSMGO prices down in Zona Comun and Balboa (\$29/mt), Los Angeles (\$17/mt), New York (\$14/mt) and Houston (\$7/mt)**
- **HSFO prices down in Los Angeles (\$47/mt), Houston (\$11/mt) and New York (\$4/mt)**

Los Angeles' HSFO price has dropped the most over the weekend, while New York's HSFO dropped marginally. This has flipped Los Angeles' HSFO price premium of \$8/mt over New York on Friday, to a discount of \$35/mt now. HSFO price in Los Angeles is also trading \$10/mt lower than Houston.

Los Angeles' VLSFO price drop has been smaller compared to its HSFO, to widen the port's Hi5 spread further from \$172/mt on Friday, to \$197/mt now. Los Angeles' Hi5 spread is much wider than the spreads of \$119/mt in Balboa, \$129/mt in New York and \$131/mt in Houston.

Demand for HSFO has been low in Los Angeles and Long Beach, resulting in ample supply for the grade. This has further dragged the HSFO prices lower in both ports.

A window of calmer weather allowed bunker operations to resume in the Galveston Offshore Lightering Area (GOLA) over the weekend. But operations are expected to be suspended by gale-force wind gusts again from this evening.

Brent

The front-month ICE Brent contract has gained \$0.43/bbl on the day from Friday, to trade at \$89.66/bbl at 06.00 CST (11.00 GMT).

Upward pressure:

Brent futures remained well supported amid growing supply concerns due to the ongoing Israel-Hamas war.

Israel's Prime Minister Benjamin Netanyahu has warned of a "long and difficult war" after the country commenced the "second stage" of the combat with a ground invasion in northern Gaza on Saturday. The country aims to take full control of the base camps that are run by Hamas militants in Northern Gaza.

This conflict can "potentially morph into one of the most sinister calamities in decades," said SPI Asset Management's managing partner Stephen Innes.

Meanwhile, Israel's ground assault on the Gaza Strip has been fiercely condemned by the neighbouring Arab nations including Iran and Lebanon. This has again raised the question about Iran's involvement in the Middle Eastern conflict, analysts said.

Last week, Iran's foreign minister Hossein Amirabdollahian warned at an emergency special session at the United Nations (UN) that if Israel continues this conflict against Hamas, then the "US will not be spared from this fire," Reuters reported.

"With the increased likelihood of a direct confrontation involving Iran or Hezbollah [militant group based in Lebanon], one could argue that crude oil prices should be substantially higher," Innes added.

Downward pressure:

Oil analysts are awaiting the outcomes of the US Federal Reserve (Fed) policy meeting this week, which could give cues about the interest rate cycles.

Even though the oil market analysts expect the US Fed to keep interest rates unchanged, Brent futures stand a chance to lose further if Fed officials decide to hike the interest rate later this year.

Higher interest rates make the greenback stronger, which in turn could reduce demand for dollar-denominated commodities such as crude oil.

Meanwhile, Israel's counter strike on Gaza has prompted world leaders to encourage an immediate ceasefire. Brent futures also felt some downward pressure as no direct supply outage due to the war has occurred yet.

"The notion that as long as the conflict remains confined to Gaza, there isn't an immediate and visible threat to the oil supply have restrained prices," added Innes.

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