

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, and rough weather conditions continue to impact bunkering in GOLA.

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

- **VLSFO prices up in Los Angeles and Zona Comun (\$10/mt), Houston (\$5/mt) and Balboa (\$3/mt), and down in New York (\$13/mt)**
- **LSMGO prices up in Balboa (\$31/mt), Houston (\$21/mt), Zona Comun (\$19/mt) and Los Angeles (\$15/mt), and down in New York (\$2/mt)**
- **HSFO prices up in Houston (\$5/mt) and New York (\$2/mt), and down in Balboa (46/mt)**

New York's VLSFO price has countered the general market direction and dropped in the past day. One lower-priced 50-150 mt VLSFO stem fixed with prompt delivery has contributed to drag the port's benchmark lower.

Unlike its VLSFO, New York's HSFO price has gained some. The diverging price moves have narrowed the port's Hi5 spread from \$38/mt yesterday, to just \$23/mt now. Bunker demand in New York has been sluggish this week. Availability of VLSFO and LSMGO has been good, and several suppliers can supply both grades with lead times of 3-5 days.

Balboa's HSFO price has come down sharply with support from a lower-priced stem in the past day, while the port's VLSFO price gained marginally. The price moves have widened its Hi5 spread from \$97/mt, to \$146/mt now.

Bunker operations remain suspended in the Galveston Offshore Lightering Area (GOLA) due to strong wind gusts of up to 39 knots. Calmer conditions are forecast from Sunday onwards, which could allow bunkering to resume.

Brent

The front-month ICE Brent contract gained \$1.46/bbl on the day, to trade at \$77.18/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures gained upward momentum after the International Energy Agency (IEA) forecasted global oil demand to grow in 2024.

The Paris-headquartered agency expects global oil consumption to grow by 1.1 million b/d in 2024, up by 130,000 b/d from last month's forecast due to improving oil demand scenarios in growing economies.

Moreover, the US Federal Reserve (Fed) indicated rate cuts in 2024, at its latest monetary policy meeting. The anticipation of lower interest rates had added upward price pressure on Brent, analysts said.

"Recent key economic data and events supported the current gain in oil prices seen in the last two days," said OANDA's market analyst Kelvin Wong.

"Oil [Brent] prices have seen a bit of a "demand pull" factor due to the improved liquidity conditions after the US Federal Reserve's dovish pivot on Wednesday," he further added.

Downward pressure:

Global oil supply is expected to increase in 2024 due to a rise in non-OPEC production, which may put downward pressure on Brent prices, analysts said.

The IEA expects crude oil production to grow in the US, Brazil, and Guyana, contributing to a rise in global output in the coming year. If an oil surplus occurs, it could potentially drag Brent prices lower.

"Non-OPEC+ production is expected to drive gains in 2024, with the United States [US] leading the expansion," SPI Asset Management's managing partner Stephen Innes said. "OPEC+ is projected to decline in market share in 2023, reaching its lowest level since 2016," he further added.

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