ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have gained, and bad weather has triggered bunker suspensions in New York and Zona Comun.

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

- **VLSFO prices up in Los Angeles ($91/mt), Balboa ($14/mt), Houston ($12/mt) and New York ($3/mt)**
- **LSMGO prices up in Los Angeles ($95/mt), Houston ($44/mt) and Balboa ($16/mt), and down in New York ($15/mt)**
- **HSFO prices up in Balboa ($41/mt) and Los Angeles ($3/mt), and down in New York ($8/mt) and Houston ($6/mt)**

Los Angeles' VLSFO and LSMGO prices have shot up by nearly $100/mt over the weekend.

Meanwhile, New York’s LSMGO price has countered Brent’s upward movement and has dropped since Friday, to flip the port’s LSMGO price premium of $33/mt over Los Angeles, to a discount of $77/mt now.

By comparison, New York and Houston’s LSMGO benchmarks have gained marginally, to widen Los Angeles’ VLSFO price premiums over the other two ports from $20/mt and $39/mt, to $108/mt and $118/mt now.

Despite the significant increase in Los Angeles' LSMGO and VLSFO benchmarks, the price of HSFO at the port has only gained marginally, widening its Hi5 spread beyond the $200/mt-mark.

Strong wind gusts of up to 43 knots have disrupted bunkering in the East Coast port of New York this morning. Delays are expected due to backlogs, and standby tugboats may be required for barge deliveries, a source says.

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 39 knots, making bunker deliveries by barge difficult. Calmer weather conditions are forecast from Thursday onwards, which could allow bunkering to resume.

Brent

Front-month ICE Brent contract has increased by $0.54/bbl on the day from Friday, to trade at $77.72/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent has gained some upward momentum after the Israel-Hamas conflict rekindled crude oil supply concerns in the oil market. The Yemen-based Houthi militant organisation launched several drone attacks on commercial vessels sailing in the Red Sea over the weekend.

“Escalating shipping concerns in the Red Sea also added to the risk premium for oil,” said ING Bank’s head of commodities strategy Warren Patterson.

Container shipping line Mediterranean Shipping Company (MSC) said that it would avoid using the East-West trade route in the Suez Canal, after the Houthis attacked one of its vessels. On Friday, the *Palatium III* was attacked in the Bab al-Mandab Strait in the southern part of the Red Sea, according to Reuters.

Several shipping firms, including French container firm CMA CGM and Danish shipping company A.P. Moller-Maersk, have also said that they are suspending shipments across the Red Sea.

Downward pressure:

A weaker global crude oil demand projection for this year as a whole has contributed to cap Brent gains in recent days.

Brent futures have lost upward momentum after the International Energy Agency (IEA) revised its oil demand forecast downward. The Paris-based agency now projects that global oil demand will reach 101.7 million b/d this year, which is down by 300,000 b/d from its estimate in November.

“The monthly report from IEA was quite soft as demand was downgraded mostly from Europe,” Patterson commented.

“The agency [IEA] revised down demand estimates for 4Q23 [fourth quarter 2023] by around 400Mbbls/d [400,000 b/d] due to slower demand in Europe,” he said.

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