

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 Zona Comun.

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

- **VLSFO prices up in Balboa (\$14/mt), Zona Comun (\$10/mt) and Houston (\$5/mt), and down in New York (\$7/mt)**
- **LSMGO prices up in Balboa (\$17/mt), Houston (\$16/mt) and New York (\$1/mt)**
- **HSFO prices up in Houston (\$13/mt), New York (\$11/mt) and Balboa (\$10/mt)**

Bunker trading activity in the US slowed down yesterday due to the New Year holiday, but it is expected to pick up again from today, a source says.

Houston's VLSFO price has gained in the past day, while New York's VLSFO price shed some. The diverging price moves have narrowed the port's VLSFO price premium over Houston from \$14/mt yesterday, to just \$2/mt now.

Securing prompt stems in Houston remains difficult. Several suppliers are fully booked until the second week of January. One supplier can offer VLSFO and LSMGO stems with a lead time of 13 days.

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 32 knots, making barge deliveries difficult. The weather is forecast to remain rough for the remaining days of this week, which could cause prolonged delays and disruptions, a source says.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). But operations are expected to be suspended by gale-force wind gusts of up to 48 knots forecast to hit tomorrow morning.

Brent

The front-month ICE Brent contract has gained \$1.84/bbl on the day from Friday, to trade at \$78.88/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures have shed previous losses due to concerns about disruptions in Middle Eastern crude oil supplies.

On Sunday, US naval ships intercepted a Houthi attempt to capture one of A.P. Moller-Maersk's vessels in the Red Sea, US Central Command (CENTCOM) said. CENTCOM has claimed that US naval ships destroyed three Houthi-controlled ships and killed at least 10 militants in the skirmish.

This incident has heightened fears that the Israel-Hamas conflict could escalate into broader regional turmoil.

"The upside risks [for oil] remain both from a geo-political risk side as well as old-fashioned supply not keeping up with demand," said Price Futures Group's senior market analyst Phil Flynn.

Downward pressure:

On the flip side, Brent's upside gains have been limited by signs that Chinese economic growth may be lagging, which in turn will weaken China's oil demand.

According to a Bloomberg report citing China's National Bureau of Statistics, China's China Manufacturing Purchasing Managers Index (PMI) has slightly declined from 49.4 in November to 49 in December 2023. This implies that the manufacturing sector in China is experiencing slight contraction, which is a negative sign for the overall economy.

The PMI figures "indicate a slowdown in China's economic recovery in the last months of the year [2023]," said SPI Asset Management's managing partner Stephen Innes.

China is one of the largest oil consumers in the world and "speculation about weakening Chinese demand caused oil and product prices to plunge," Flynn added.

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