

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

03/01/24

Most bunker prices in the Americas have come down with Brent, and bunker operations have been suspended in GOLLA and Zona Comun.

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

- **VLSFO prices up in Zona Comun (\$6/mt), and down in New York (\$34/mt), Balboa (\$23/mt) and Houston (\$17/mt)**
- **LSMGO prices up in Houston (\$27/mt), and down in Balboa (\$33/mt) and New York (\$16/mt)**
- **HSFO prices down in Houston (\$25/mt), New York (\$22/mt) and Balboa (\$18/mt)**

Houston has seen a jump in the number of stems fixed in the past day. Seven stems with prompt and non-prompt delivery have been recorded by ENGINE since yesterday, almost equalling the total stems during the entire last week. Four stems have been fixed for LSMGO, two for LSMGO and one for HSFO.

New York's VLSFO price has made a steeper decline compared to Houston's VLSFO. This has again flipped New York's VLSFO price premium over Houston from \$2/mt yesterday, to a \$15/mt discount now.

Houston's LSMGO price has countered Brent's downward movement and gained in the past day. The port's LSMGO price has gained with support from a higher-priced stem and several firm offers at higher levels. Meanwhile, New York's LSMGO price has declined, to narrow its LSMGO price premium over Houston from \$52/mt, to \$9/mt.

Bunker operations have remained suspended in Zona Comun since yesterday due to rough weather conditions. The area is experiencing strong gale-force wind gusts of up to 34 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.

Bunkering has also been suspended in the Galveston Offshore Lightering Area (GOLA) today due to rough weather conditions.

## **Brent**

The front-month ICE Brent contract plunged by \$2.11/bbl on the day, to trade at \$76.77/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Supply disruption concerns in the Middle East have supported Brent's upward move this week.

The recent attacks on the Maersk Hangzhou by the Houthis in the Red Sea have again raised concerns about maritime security in the region. The vessel was attacked twice over the weekend, first by an aerial attack and then by four Houthi boats. The incident prompted the Danish shipping firm A.P. Moller-Maersk to suspend all operations in the Red Sea and the Gulf of Aden until further notice.

This, combined with the Israel-Hamas conflict extending into the Red Sea, has sparked a debate about a larger regional feud involving other countries like Iran and the US, which could potentially impact crude flows in the region.

"There has been growing pressure on the US to respond to these [Red Sea] attacks and now they have," said Price Futures Group's senior market analyst Phil Flynn.

"Iran is responding by sending its warship called the Alborz destroyer through the strategic Bab al-Mandeb Strait and the Houthis are warning of repercussions," he further added.

### **Downward pressure:**

Brent's gains have been curtailed by signs that China's economic growth is lagging, which can cause China's oil demand to decline.

The decline in China's Manufacturing Purchasing Managers Index (PMI) from 49.4 in November to 49 in December 2023, as reported by Bloomberg citing data from China's National Bureau of Statistics (NBS), indicates a slowdown in the country's manufacturing sector.

Weak economic data from China and Europe at the start of 2024 are "diminishing optimism about U.S. rate cuts," and exerting downward pressure on oil, SPI Asset Management's managing partner Stephen Innes said.

"Coupled with a strengthening U.S. dollar, it [China's economic data] contributed to the negative trajectory of oil prices as traders remained on headline watch," he added.

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