

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

04/01/24

Americas bunker prices have 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 New York (\$35/mt), Balboa (\$33/mt), Los Angeles (\$24/mt), Houston (\$21/mt) and Zona Comun (\$11/mt)**
- **LSMGO prices up in New York (\$33/mt), Los Angeles and Balboa (\$27/mt) and Houston (\$17/mt)**
- **HSFO prices up in New York (\$23/mt), Balboa (\$21/mt) and Houston (\$17/mt)**

Bunker benchmarks in New York and other ports in the US, including Houston, have increased this week due to a rise in demand and tight availability for prompt dates.

New York's VLSFO price has gained steeper than Houston's with support from a firm offer at a higher level. The steep gain has resulted in nearly erasing New York's VLSFO discount of \$15/mt to Houston.

Los Angeles' VLSFO price has also gained in the past day with a firm offer at a higher level and has maintained its premium over most other Americas' ports. The port's VLSFO benchmark is currently priced at a premium of \$38/mt over the other West Coast port of Seattle.

A high risk of fog and reduced visibility is forecast around Corpus Christi tomorrow, which could delay vessel traffic around the region and potentially through the Houston Ship Channel, Norton Lilly says.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). But strong wind gusts forecast to hit later today could impact bunkering in the lightering area.

Meanwhile, bunker operations have been suspended in Zona Comun today due to rough weather conditions, a source says. The weather is forecast to remain rough for the remaining days of this week, which could cause prolonged delays and disruptions, a source says.

Brent

The front-month ICE Brent contract moved \$1.67/bbl higher on the day, to trade at \$78.44/bbl at 07.00 CST (13.00 GMT) today:

Upward pressure:

Brent futures gained due to persistent concerns about supply disruptions amid growing tensions in the Middle East.

A senior Hamas official was reportedly killed by a recent Israeli drone strike in the Lebanese capital city of Beirut, Reuters reported. This news comes amid regular terror attacks between the Israel Defence Forces (IDF) and Lebanon-based militants Hezbollah. "The terrorist attack has the potential to heighten instability in the already volatile region," said SPI Asset Management's managing partner Stephen Innes.

The ongoing Israel-Hamas conflict and Houthi attacks in the Red Sea have raised concerns about potential impacts on crude flow in the region.

Separately, local protests in Libya compelled the country's largest oil field el-Sharara to fully shut operations yesterday, Reuters reported. The el-Sharara oilfield produces about 300,000 b/d of crude and has been subjected to both local and political protests in the past. "This surge [in Brent's price] was attributed to a combination of factors, including a supply disruption at Libya's largest oil field, El Sharara, following a series of anti-government protests," Innes added.

The Brent rally has been further supported by the American Petroleum Institute's estimate of a significant 7.4 million bbls decline in US crude inventories in the week ended 29 December.

Downward pressure:

Some downward pressure on Brent futures this week can be attributed to weak economic data from China and the US.

The US Manufacturing Purchasing Managers Index (PMI) grew from 46.7 in November to 47.4 in December, Reuters reported citing Institute for Supply Management (ISM) data. Despite a slight improvement in manufacturing data, the PMI has remained below 50 for more than a year now, indicating a contraction in manufacturing.

Contraction in manufacturing refers to a period when the manufacturing sector experiences a decline in activity. A PMI reading below 50 typically indicates a contraction.

Moreover, China's Manufacturing PMI declined from 49.4 in November to 49 in December 2023, as Bloomberg cited data from China's National Bureau of Statistics (NBS).

"Global economic news proved bearish for energy demand," Innes further added.

By Debarati Bhattacharjee and Aparupa Mazumder

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