

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas have declined with Brent values, and bunker operations remain suspended amid rough weather at Argentina's Zona Comun anchorage.

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

- **VLSFO prices up in Houston (\$2/mt), and down in New York and Balboa (\$13/mt), Zona Comun (\$11/mt) and Los Angeles (\$8/mt)**
- **LSMGO prices down in New York (\$24/mt), Houston (\$19/mt), Balboa (\$12/mt), Zona Comun (\$11/mt) and Los Angeles (\$9/mt)**
- **HSFO prices up in Houston (\$14/mt), and down in New York (\$15/mt) and Balboa (\$12/mt)**

Houston has seen a jump in stems fixed so far this week, following a period of muted demand in the previous week. 15 stems have been recorded by ENGINE this week. Out of the 16 stems, eight stems have been fixed for LSMGO, six for VLSFO and two for HSFO.

Houston's HSFO price has countered Brent's downward movement and has gained in the past day with support from a higher-priced stem fixed. Meanwhile, the port's VLSFO price has gained marginally, to narrow its Hi5 spread from \$82/mt yesterday, to \$70/mt now.

New York's HSFO price has dropped the most in the past day, under pressure from a lower-priced indication. This has narrowed New York's HSFO price premium over Houston from \$42/mt, to \$13/mt.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). High wind gusts are forecast again from Sunday onwards and could trigger a bunker suspension.

Bunker operations have been suspended in Argentina's Zona Comun anchorage due to strong wind gusts. Rough weather conditions are forecast to persist until Sunday, which could cause prolonged delays and disrupt bunkering.

Brent

The front-month ICE Brent contract has lost \$0.09/bbl on the day, to trade at \$78.35/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures felt upward pressure this week driven by growing concerns of supply disruption in the Middle East.

On Thursday, Israel's defence minister Yoav Gallant announced the country's latest strategy for the upcoming phase of its ground assault in the Gaza Strip, Reuters reported. The new strategy involves advancing towards the northern part of Gaza, alongside its ongoing efforts to weaken Iran-aligned Hamas militants in the southern part of Gaza.

Meanwhile, two explosives planted by the Islamic State (IS) near Iranian leader Qassem Soleimani's tomb left about 100 civilians dead, Reuters reported. This event has further heightened the already escalating geopolitical tensions in the region.

"Iran is vowing revenge because of the bombing at the memorial service for General Soleimani that killed many people," commented Price Futures Group's senior market analyst Phil Flynn.

Downward pressure:

Brent futures shed the previous day's gains following the huge build of gasoline and distillate stocks in the US.

The US Energy Information Administration (EIA) reported that US gasoline stocks jumped by 10.90 million bbls on the week, to 237 million bbls on 29 December, the highest since March 2023.

Similarly, distillate stocks, which include diesel and gasoil increased by 10.09 million bbls to 126 million bbls, the highest since January 2022. The rise in gasoline and distillate stocks indicates that demand for these fuels declined in the US last week.

"The [EIA] report was overwhelmingly bearish for refined products, indicating outsized builds across all three product categories due to exceptional demand weakness," said SPI Asset Management's managing partner Stephen Innes.

The gasoline stock build has raised concerns about a disparity between the market's "Goldilocks narrative" and actual demand, "especially when considering gasoline demand as a forward indicator of economic activity," he added.

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