

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

08/01/24

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

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

- **VLSFO prices unchanged in New York, and down in Balboa (\$12/mt), Zona Comun (\$10/mt) and Houston (\$5/mt)**
- **LSMGO prices up in Balboa (\$6/mt), and down in Houston (\$19/mt) and New York (\$8/mt)**
- **HSFO prices down in New York (\$15/mt), Balboa (\$3/mt) and Houston (\$1/mt)**

Houston's LSMGO price has dropped the most over the weekend with downward price pressure from a lower-priced stem. Meanwhile, New York's LSMGO price has come down marginally, to widen its LSMGO premium over Houston from \$20/mt on Friday, to \$31/mt now.

On the other hand, New York's HSFO price has dropped more compared to Houston's HSFO price over the weekend. This has flipped New York's \$13/mt HSFO premium over Houston on Friday, to a \$1/mt discount now.

Bunker operations have been suspended in the Galveston Offshore Lightering Area (GOLA) today due to strong wind gusts of up to knots. A window of calm weather is forecast between Wednesday and Thursday, which could enable bunker operations to resume in GOLA before conditions worsen again.

Due to the ongoing bad weather, some suppliers are unable to make deliveries. One supplier is offering stems with a lead time of at least eight days.

## **Brent**

The front-month ICE Brent contract has shed only \$1.59/bbl on the day from Friday, to trade at \$76.76/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

The heightened tensions in the Middle East and supply disruptions in Libya have added upward pressure on Brent prices. Local protests in Libya compelled the country's largest oil field el-Sharara to fully shut operations last week.

"Middle East tensions and Libyan supply disruptions provided a boost to oil [Brent] prices," two analysts from ING Bank said.

Meanwhile, shipping firms continue to remain cautious and avoid transiting through the Bab al-Mandeb Strait in the Red Sea due to recurring Houthi attacks on commercial vessels.

Israel's Prime Minister Benjamin Netanyahu has reiterated the country's commitment to the conflict with Hamas militants until it is convinced that the Palestine-based militants are eliminated from the Gaza Strip.

"Elevated geopolitical risks managed to counterbalance the bearish impact of a U.S. Energy Information Administration (EIA) inventory report released Thursday past," said SPI Asset Management's managing partner Stephen Innes.

### **Downward pressure:**

Brent futures felt downward pressure after Saudi Aramco cut its official selling price (OSP) of its flagship Arab Light crude to Asia in February, Reuters reported.

"Cuts were seen across the board with the flagship Arab Light into Asia cut by \$2/bbl MoM to leave it at \$1.50/bbl over the benchmark," ING Bank analysts said. "The decrease was larger than the market was expecting," they further added.

Additionally, Brent futures shed some previous gains following a huge build of US gasoline and distillate stocks in the week ending 29 December. The rise in gasoline and distillate stocks indicates that demand for these fuels declined in the US during the week.

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