

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

09/01/24

Americas bunker prices have mostly increased, and availability is tight in New York.

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

- **VLSFO prices up in New York (\$24/mt) and Balboa (\$22/mt), and down in Zona Comun (\$8/mt) and Houston (\$6/mt)**
- **LSMGO prices up in New York (\$85/mt), Balboa (\$24/mt) and Houston (\$3/mt)**
- **HSFO prices New York (\$15/mt) and Balboa (\$14/mt), and unchanged in Houston**

New York's LSMGO price has jumped with support from a higher-priced LSMGO stem with prompt delivery fixed in the past day. The benchmark is currently trading at its highest level in the past month and is at premiums over prices in other Americas' ports.

New York's LSMGO benchmark has risen due to a rise in demand and tight availability for prompt dates, a source says. The port's VLSFO and HSFO benchmarks have also gained significantly in the past day.

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. Four stems have been fixed for LSMGO and three for VLSFO.

Houston's VLSFO price has dropped in the past day. All three VLSFO stems were fixed at lower prices than Houston's benchmark noted a day ago, pulling the benchmark's price lower. This has also flipped Houston's VLSFO price premium over New York from \$11/mt yesterday, to a \$19/mt discount now.

Bunker operations have remained suspended in the Galveston Offshore Lightering Area (GOLA) since yesterday due to strong wind gusts of up to 47 knots. However, a window of calmer weather is forecasted between Wednesday and Thursday, allowing operations to resume briefly before the conditions are set to worsen again.

Brent

The front-month ICE Brent contract has moved \$1.10/bbl higher on the day, to trade at \$77.86/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

The Israel-Hamas conflict might continue through 2024, as stated by the country's officials. This has led to discussions about a broader regional dispute that could threaten the global oil supply.

The situation in the Middle East remains tense as Israel stands firm on its commitment to a ground offensive in Gaza, despite Iran's warning of joining the conflict if attacks escalate.

Meanwhile, Lebanon-based militant group Hezbollah struck an air traffic control base in the northern part of Israel on Sunday and warned of “another war”, the Associated Press reported citing the Israeli military.

“The increase in fighting across the border with Lebanon as Israel battles Hamas militants in Gaza gave new urgency to U.S. diplomatic efforts as Secretary of State Antony Blinken prepared to visit Israel on his latest Mideast tour,” said Price Futures Group’s senior market analyst Phil Flynn.

Downward pressure:

The Brent futures' upward movement so far this week has been capped by indications of reduced global oil demand.

China’s state-owned refineries Sinopec and PetroChina reduced their refinery run rates in December 2023, on account of muted domestic fuel demand, market intelligence provider JLC reported.

China's role as a major player in the oil market means that any indication of weakened demand in the country directly impacts Brent's price.

Meanwhile, the decision by Saudi Aramco to reduce the official selling price (OSP) of its flagship Arab Light crude to Asia in February reflects the impact of weakened demand in the oil market.

“Weak demand fundamentals influenced this [Aramco] decision in the global physical oil market,” said SPI Asset Management’s managing partner Stephen Innes. “While the price cuts were widely anticipated, they turned out to be larger than analysts had forecasted,” he further added.

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