ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have taken mixed directions, and Seattle's LSMGO price has flipped to a premium over Los Angeles'.

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

- **VLSFO prices up in Los Angeles ($7/mt) and Houston ($1/mt), unchanged in Zona Comun, and down in Balboa ($14/mt) and New York ($10/mt)**
- **LSMGO prices up in Houston ($6/mt), and down in Los Angeles ($21/mt), Balboa ($13/mt) and New York ($9/mt)**
- **HSFO prices up in New York ($4/mt), and down in Houston ($21/mt) and Balboa ($9/mt)**

Houston’s HSFO benchmark has moved against Brent’s upward push and fell sharply in the past day. The grade has been offered firm at lower levels than where the port’s benchmark stood yesterday. Meanwhile, the port’s VLSFO price remained roughly steady, to widen its Hi5 spread from $60/mt, to $82/mt.

Los Angeles’ LSMGO price has dropped heavily in the past day with pressure from a lower-priced stem. Meanwhile, the fuel grade price in the other West Coast port of Seattle has gone up in the past day with a firm offer at a higher level. This has flipped Los Angeles’ LSMGO price premium of $72/mt over Seattle, to a $7/mt discount now.

Securing prompt LSMGO stems is very difficult in Seattle. One supplier is able to offer the fuel grade at the port only after 24 January.

Calmer weather conditions have allowed bunkering to run normally in the Galveston Offshore Lightering Area (GOLA) since yesterday evening. However, very strong wind gusts of up to 58 knots are forecast between today evening and Saturday, which could hamper bunkering again.

Brent

The front-month ICE Brent contract gained $0.62/bbl on the day, to trade at $78.48/bbl at 07.00 CST (13.00 GMT) today:

Upward pressure:

Brent futures gained to reverse some earlier losses after the American Petroleum Institute (API) reported a massive decline in US crude stocks, indicating demand growth in the world's leading oil consumer.

Commercial US crude inventories declined by 5.2 million bbls in the week ended 5 January, according to API data.

The rising Houthi attacks on vessels in the Red Sea are raising concerns about oil shipments in the region, which could potentially result in higher Brent prices, analysts said.

"Brent crude settled around $78 per barrel, and traders are assessing factors such as disruptions in the Red Sea, a critical shipping lane," SPI Asset Management's managing partner Stephen Innes said.

Downward pressure:

Downward pressures acting on Brent futures this week arise from weak demand indications in China, the second-largest oil consumer of the world.

China's state-owned refiners, Sinopec and PetroChina, reduced their refinery run rates in December due to weak domestic demand, market intelligence provider JLC reported. The decline in refinery runs suggests that demand in China is still lagging.

Meanwhile, Brent futures could come under additional downward pressure if Russia fails to adhere to the latest production quotas set by the OPEC+ oil-producer group, analysts said.

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