

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker benchmarks in the Americas ports have again taken mixed directions, and bunkering is suspended in Zona Comun.

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

- **VLSFO prices up in Zona Comun (\$21/mt), Houston (\$10/mt) and Los Angeles (\$3/mt), unchanged in New York, and down in Balboa (\$1/mt)**
- **LSMGO prices up in Houston (\$14/mt), New York (\$12/mt) and Los Angeles (\$4/mt), and down in Balboa (\$3/mt)**
- **HSFO prices up in New York and Los Angeles (\$2/mt), and down in Balboa (\$9/mt) and Houston (\$2/mt)**

Houston's VLSFO price has countered Brent's downward movement and gained in the past day, drawing support from a higher-priced non-prompt stem. Meanwhile, New York's VLSFO price has remained steady in the past day, to flip its \$8/mt VLSFO premium over Houston, to a \$2/mt discount now.

Houston's HSFO price has dropped marginally in the past day with pressure from two lower-priced firm offers. This has widened the port's Hi5 spread from yesterday's \$82/mt to \$94/mt now. The port's Hi5 spread is much wider than the spread of \$49/mt in New York.

A moderate to high risk of fog and reduced visibility is forecast around Corpus Christi, Lake Charles, Port Arthur, Galveston and Freeport today, which could delay vessel traffic around the region and through the Houston Ship Channel, Norton Lilly says.

Currently, bunkering is proceeding normally in the Galveston Offshore Lightering Area (GOLA). But strong wind gusts of up to 55 knots are forecast to hit later today and 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 until Saturday, which could cause prolonged delays and disruptions, a source says.

Brent

The front-month ICE Brent contract shed \$0.23/bbl on the day, to trade at \$78.25/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

The escalating agitations in the Middle East have supported Brent's prices this week. On Tuesday, Iran-aligned Houthi militants launched one of its largest drone and missile attacks on commercial vessels in the Red Sea.

Following the strikes, the naval ships deployed in the region by the US and UK jointly took down 21 missiles and drones launched by the Yemeni militant group, US Central Command (CENTCOM) said.

The UK's defence secretary Grant Shapps highlighted that the latest Houthi attack marked the most extensive assault in the Red Sea thus far, as the ongoing Israel-Hamas conflict extended its impact outside the Gaza Strip, Reuters reported.

The timing of the recent attack by Houthis, just days after the US and 12 other nations issued a warning to the group to cease their attacks in the Red Sea, underscores the escalating tensions in the region.

"Concerns regarding a broader escalation in the Middle East are expected to support the oil market," SPI Asset Management's managing partner Stephen Innes said.

Downward pressure:

Brent futures slightly declined after the US Energy Information Administration (EIA) reported a surprise build in US crude oil stocks. According to the EIA data, commercial US crude inventories rose by 1.34 million bbls on the week, to 432.40 million bbls on 5 January.

The consecutive increase in the US distillate stocks, which include diesel and gasoil, for the seventh week, along with the second straight week gain in gasoline stocks, signals weaker demand in the world's largest oil-consuming country.

Brent futures faced a "notable selling pressure as the Energy Information Administration (EIA) reported substantial builds in U.S. crude and refined fuel stockpiles during the first week of 2024," Innes added.

This weekly crude stock build ran counter to the American Petroleum Institute's (API) American Petroleum Institute's (API) projection of a 5.2 million-bbl draw.

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