

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas have dropped heavily with Brent values, and bunker operations remain suspended in GOLLA.

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

- **VLSFO prices down in Balboa (\$42/mt), New York (\$38/mt), Zona Comun (\$37/mt) and Houston (\$32/mt)**
- **LSMGO prices down in New York (\$97/mt), Balboa (\$49/mt), Houston (\$23/mt) and Los Angeles (\$20/mt)**
- **HSFO prices down in Balboa and New York (\$51/mt) and Houston (\$35/mt)**

New York's LSMGO price has made a steep decline in the past day compared to the fuel grade's price in Houston. This has narrowed New York LSMGO price premium over Houston from \$77/mt yesterday, to just \$3/mt now.

All bunker fuel grades are tight for prompt delivery dates in Houston. Several suppliers are only able to offer stems for delivery dates in the first week of February, a source said.

Bunker operations have been suspended in the Galveston Offshore Lightering Area (GOLLA) due to strong wind gusts of up to 32 knots. Operations are expected to resume with calmer weather forecast from Wednesday onwards and deliveries might be allowed to resume on a case-by-case basis.

Bunker operations are likely to be suspended in Argentina's Zona Comun tomorrow amid a forecast of strong winds of up to 31 knots. Harsh weather conditions could keep bunker operations suspended until Thursday, a source says.

Brent

The front-month ICE Brent contract moved \$2.86/bbl lower on the day from Friday, to trade at \$77.02/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Supply disruption concerns in the oil market pushed Brent's prices up after the US and the UK military jointly conducted a series of airstrikes on Iran-aligned Houthi bases in Yemen last week.

"The US and UK attacked Houthi rebel strongholds in Yemen in response to Red Sea attacks causing oil prices to break out of their wedge," said Price Futures Group's senior market analyst Phil Flynn.

Several oil tanker firms rerouted their vessels over the weekend to avoid the southern part of the Red Sea following the US-led strikes in Yemen, causing delays in oil deliveries, Reuters reported.

"The attacks are already impacting oil transport as Shipping Data reports that at least four oil tankers have already diverted course from the Red Sea following US/UK strikes in Yemen," Flynn added.

Downward pressure:

The subdued oil demand in major global consumers, including China, has capped Brent's price gains. Chinese gasoline and diesel consumption fell in December 2023 as driving activity slowed due to falling temperatures, market intelligence provider JLC reported.

Brent futures lost some previous gains as concerns about disruptions in the Strait of Hormuz eased. The recent seizure of an oil tanker by Iran in the Gulf of Oman sparked fears of more frequent vessel seizures and potential impacts on crude flows in the region. However, these concerns eased over the weekend, SPI Asset Management's managing partner Stephen Innes.

"Market enthusiasm waned, given neither production nor flows through the Strait of Hormuz were impacted, and the market quickly pivoted back to the weaker demand signal," he added.

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