

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in the Americas ports have mostly dropped with Brent, and bunker operations have been suspended in Argentina's Zona Comun anchorage amid rough weather conditions.

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

- **VLSFO prices down in Balboa (\$23/mt), New York (\$22/mt), Zona Comun (\$14/mt) and Houston (\$9/mt)**
- **LSMGO prices up in Houston (\$20/mt), and down in New York and Balboa (\$33/mt)**
- **HSFO prices up in Houston (\$24/mt), New York (\$20/mt) and Balboa (\$18/mt)**

Houston has witnessed an uptick in the number of stems fixed in the past day. Five stems with prompt delivery have been recorded by ENGINE since yesterday. Three stems have been fixed for LSMGO and two for VLSFO.

Houston's LSMGO price has countered general market directions and gained in the past day. All three LSMGO stems were fixed at higher prices than Houston's benchmark noted a day ago, lifting the benchmark's prices higher.

Meanwhile, New York's LSMGO price has dropped steeply in the past day, and this flipped New York's LSMGO price premium of \$46/mt over Houston, to a \$7/mt discount now.

Bunker operations have been suspended in Argentina's Zona Comun anchorage again due to strong wind gusts. Rough weather conditions are forecast to persist until tomorrow morning.

Brent

The front-month ICE Brent contract moved \$1.93/bbl lower on the day, to trade at \$76.75/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures have gained this week due to heightened geopolitical tensions in the Red Sea.

“Given the [Red Sea] uncertainty and the risk of a spillover, oil prices are likely to remain relatively well supported,” said two analysts from ING Bank.

British oil major Shell has suspended all oil shipments through the Bab al-Mandeb Strait and rerouted its tankers via the longer Cape of Good Hope route because of growing airstrikes by Iran-aligned Houthi militants, the Wall Street Journal (WSJ) reported.

This longer voyage time has increased 5-10% in overall cost of delivered goods, Shell’s chief executive officer Wael Sawan told WSJ. “We’ll have to see whether this becomes a longer-standing issue,” he added.

Downward pressure:

Brent futures pared the previous day’s gains due to weak demand projections from major global oil consumers, China and the US.

China's gross domestic product (GDP) grew by 5.2% in the fourth quarter of 2023 compared to the same period a year ago, Reuters cited data from the National Bureau of Statistics (NBS). The GDP growth fell short of Reuters analyst poll estimate of 5.3%.

“The journey to this [China’s GDP] growth has been marked by challenges, including tepid domestic demand, producer prices in deflation, and three consecutive months of consumer price declines,” SPI Asset Management’s managing partner Stephen Innes said.

The US dollar remained close to a one-month high, as comments from US Federal Reserve officials dampened market expectations of interest rate cuts in March, Reuters reported.

The strengthening of the US dollar could make commodities such as oil costlier for non-dollar buyers.

“[Downward] pressure [on Brent futures] intensified due to a strengthening U.S. dollar as investors recalibrated their expectations for near-term rate cuts from the Federal Reserve,” Innes added.

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