

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, with the notable exception of Houston's declining LSMGO price.

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

- **VLSFO prices up in New York (\$14/mt), Zona Comun (\$13/mt), balboa (\$8/mt) and Houston (\$4/mt)**
- **LSMGO prices up in Balboa (\$29/mt) and New York (\$28/mt), and down in Houston (\$27/mt)**
- **HSFO prices up in New York (\$12/mt) and Houston (\$4/mt), and down in Balboa (\$1/mt)**

Houston's LSMGO price has countered Brent's upward movement and fell steeply in the past day. A lower-priced 150-500 mt LSMGO stem with prompt delivery has dragged the port's benchmark lower. Meanwhile, New York's LSMGO benchmark has gained heavily in the past day, to flip its LSMGO price discount to Houston, to a \$48/mt premium now.

Bunker deliveries in Houston are subject to weather conditions. Icy conditions at oil loading terminals have caused delays for deliveries in Houston and nearby areas. Inbound vessel traffic through the Houston Ship Channel and the Galveston/Texas City Channel has been disrupted since Monday evening due to strong north winds and choppy waters.

New York's Hi5 spread continues to remain well below \$100/mt. At \$70/mt, it is much narrower than Houston's spread of \$133/mt.

Bunker operations have been halted at the Zona Comun anchorage in Argentina due to strong wind gusts. Weather forecasts indicate rough conditions until Saturday, which could cause prolonged delays and disruptions. Once the weather improves, bunkering operations are expected to resume, but delivery prospects will vary on a case-by-case basis starting next week.

## **Brent**

The front-month ICE Brent contract gained \$1.18/bbl on the day, to trade at \$77.93/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Brent futures gained some following OPEC's projection of robust oil demand growth in 2024 and 2025.

OPEC's latest oil market report forecasts a 1.85 million b/d increase in global oil demand by 2025, reaching 106.2 million b/d. The coalition kept this year's oil demand forecast at 2.2 million b/d, consistent with the previous month's projection.

Concerns about potential oil supply disruptions resurfaced after the US Navy launched another round of airstrikes at Houthi bases in Yemen, in response to their attacks in the Red Sea.

"It remains unclear how the Houthis will respond to these attacks," said two analysts from ING Bank. "But clearly, escalation raises both the risk of disruptions to flows and the likelihood that more shippers will reroute around Southern Africa," they added.

### **Downward pressure:**

Brent futures felt some downward pressure after the American Petroleum Institute (API) reported a modest rise in US crude stocks.

Commercial US crude inventories increased by 483,000 bbls in the week ended 12 January, according to API data. This increase contrasts with analysts' expectations of a 2.4 million bbls decline.

Brent's price gains were also capped by the strengthening US dollar, after comments from US Federal Reserve (Fed) officials dampened market expectations of interest rate cuts in the first quarter of 2024.

A stronger US dollar could make commodities such as oil costlier for non-dollar buyers and dampen demand growth.

"Comments from a Fed official and a surge in the USD [US dollar] yesterday held large parts of the commodity complex back," ING's analysts said.

*By Debarati Bhattacharjee and Aparupa Mazumder*

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