

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly increased, and bunker operations have been suspended at the Zona Comun anchorage amid rough weather conditions.

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

- **VLSFO prices up in Balboa (\$25/mt), Zona Comun (\$9/mt), New York (\$5/mt) and Houston (\$3/mt)**
- **LSMGO prices up in Balboa (\$36/mt), New York (\$12/mt) and Houston (\$10/mt)**
- **HSFO prices up in Balboa (\$36/mt) and New York (\$1/mt)**

Balboa's VLSFO price has gained by more than Zona Comun's VLSFO benchmark in the past day, flipping its \$4/mt VLSFO discount to Zona Comun to a \$12/mt premium now.

Availability of both VLSFO and LSMGO has been tight in Zona Comun this week. One supplier can only supply VLSFO and LSMFO stems after 5 February.

Bunker operations have been suspended in Zona Comun today due to rough weather conditions, a source says. The weather is forecast to remain rough throughout next week, which could cause prolonged delays and disruptions, a source says.

Bunkering has also been suspended in the Galveston Offshore Lightering Area (GOLA) today due to rough weather conditions.

## **Brent**

The front-month ICE Brent contract has gained \$0.95/bbl on the day, to trade at \$78.88/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Brent futures gained this week due to the global oil demand growth projections by IEA and OPEC for this year.

The International Energy Agency (IEA) expects oil demand to grow by 1.2 million b/d in 2024, an increase of 100,000 b/d from its previous monthly Oil Market Report (OMR).

The Paris-based energy agency expects China to lead oil demand growth in 2024, “with its expanding petrochemical sector gaining an ever-larger share.”

Brent futures also moved up after the US Energy Information Administration (EIA) recorded a surprise drop in US crude stocks. Commercial US crude inventories dropped by 2.49 million bbls on the week, to 429.91 million bbls on 12 January – the lowest level in the past 12 weeks, according to the EIA data.

“Optimistic demand forecasts from the International Energy Agency and a larger-than-expected reduction in domestic crude oil inventories,” supported Brent’s price today, SPI Asset Management’s managing partner Stephen Innes said.

### **Downward pressure:**

Brent futures felt some downward pressure as the oil market speculated about the US Federal Reserve's interest rate cut policy for 2024, market analysts said.

“Uncertainty over the path the Fed takes this year with monetary policy continues to weigh on risk assets, including commodities,” said two analysts from ING Bank.

Earlier this week, comments from Fed officials weighed down on market expectations of interest rate cuts in the first quarter of 2024.

Higher interest rates potentially impact consumer spending, especially on commodities including oil, which in turn dampens demand growth.

Brent’s gain was also capped as the Red Sea conflict so far has not impacted any physical oil flows in the region. “For now, price action in oil suggests that the market is assuming we do not see an escalation in the situation,” ING’s analysts added.

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