

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 GOLA.

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

- **VLSFO prices up in New York and Zona Comun (\$17/mt) and Balboa (\$4/mt), and down in Los Angeles (\$57/mt) and Houston (\$7/mt)**
- **LSMGO prices up in New York (\$15/mt), and down in Houston (\$15/mt) and Balboa (\$7/mt)**
- **HSFO prices up in Houston (\$7/mt) and New York (\$1/mt), and down in Balboa (\$21/mt)**

New York's LSMGO price has defied Brent's downward movement and gained, with support from a higher-priced stem fixed over the weekend. Meanwhile, Houston's LSMGO price has dropped with pressure from two lower-priced stems fixed since Friday. The diverging price moves have widened New York's LSMGO price premium over Houston from Friday's \$50/mt, to \$80/mt now.

Bunker fuel prices in Panama's ports have been dropping since the Panama Canal Authority started lowering the draft limit for vessels transiting the waterway in September. But, HSFO price in Balboa has dropped the most and is trading at its lowest level since May 2023. Demand for the grade has been extremely low.

The Hi5 spread in Balboa has also widened, and is currently at \$175/mt.

A high risk of fog and reduced visibility is forecast around Corpus Christi, Port Arthur and Lake Charles from today onwards, which could delay vessel traffic around the region and potentially through the Houston Ship Channel, Norton Lilly says. As a result, some suppliers along the US Gulf Coast are refraining from offering stems for prompt dates.

Bunkering has been suspended in the Galveston Offshore Lightering Area (GOLA) today due to rough weather conditions. The area is experiencing strong gale-force wind gusts, making barge deliveries difficult there.

Brent

The front-month ICE Brent contract has moved \$0.28/bbl lower on the day from Friday, to trade at \$78.60/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

The escalation of the Israel-Hamas conflict into a broader geopolitical confrontation has raised concerns about potential oil supply disruptions in the Middle East.

On Saturday, the US Navy took down another Houthi-controlled anti-ship ballistic missile, which was about to be launched towards the Gulf of Aden, US Central Command (CENTCOM) said.

Oil supply disruption concerns also resurfaced after an alleged Ukrainian airstrike caused a fire at a Russian fuel export terminal in the Baltic Sea. Russian energy company Novatek said on Sunday that it has suspended some operations at the terminal due to the fire.

Downward pressure:

The International Energy Agency's (IEA) projection of a slowdown in oil demand growth has reversed Brent futures' previous gains. According to IEA, global oil demand is set to grow by just 1.2 million b/d this year, compared to the 2.3 million b/d growth in 2023, which has raised bearish sentiment in the market.

The Paris-headquartered energy agency attributes the drop in demand to a sluggish post-COVID recovery. "The IEA latest monthly oil market report was somewhat bearish," ING Bank's analysts said.

Meanwhile, the IEA expects global oil supply to grow by 1.5 million b/d this year, driven by non-OPEC+ production growth.

"The IEA sees a substantial surplus in the oil market if OPEC+ unwind their current voluntary cuts in 2Q24 [second quarter of 2024]," the analysts added.

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