

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

25/01/24

Prices have mostly moved up in the Americas ports, and bunker operations are expected to be suspended in GOLLA again over the weekend.

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

- **VLSFO prices up in New York and Los Angeles (\$12/mt), Balboa (\$9/mt) and Houston (\$1/mt), and unchanged in Zona Comun**
- **LSMGO prices up in New York (\$19/mt), Los Angeles (\$17/mt) and Balboa (\$16/mt), and down in Houston (\$4/mt)**
- **HSFO prices up in Houston (\$7/mt), Los Angeles (\$6/mt) and Balboa (\$5/mt), and unchanged in New York.**

Most bunker prices in the Americas have rebounded, with the exception of Houston's LSMGO price decline. Two lower-priced stems have contributed to drag the port's benchmark lower. On the other hand, New York's LSMGO price has gained the most in the past day, widening its LSMGO price premium over Houston from \$42/mt yesterday, to \$65/mt now.

Houston has seen a substantial rise in the number of stems fixed in the past day. Six stems with prompt and non-prompt delivery have been recorded by ENGINE since yesterday. Three stems each have been fixed for VLSFO and LSMGO.

Bunker deliveries resumed in the Galveston Offshore Lightering Area (GOLLA) yesterday after several days of rough weather and suspensions. However, conditions are forecast to deteriorate again over the weekend and deliveries are expected to be suspended again.

The Houston Ship Channel has reopened again after being shut down due to fog yesterday, but there is still a risk of reduced visibility throughout the week. This may cause intermittent closures and severe congestion, which could lead to bunkering delays. Some suppliers along the US Gulf Coast are already hesitant to offer stems for prompt delivery dates.

Brent

The front-month ICE Brent contract moved \$0.94/bbl higher on the day, to trade at \$80.60/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures increased after the US Energy Information Administration (EIA) reported an unexpected drop in US crude stocks.

Commercial US crude inventories fell by 9.2 million bbls on the week, to 420.68 million bbls on 19 January, as winter storms and extremely low temperatures paused refinery activity, according to the EIA. The latest data also marks the lowest stock level since October last year.

The weekly stock draw was bigger than the American Petroleum Institute's (API) projection of a 6.7 million -bbl draw a day earlier, while analysts expected a drop of 2.2 million bbls.

The Chinese central bank announced yesterday that it will reduce banks' reserve ratio by a significant amount, injecting around \$140 billion into its system, Reuters reported. This news has boosted China's economic stimulus narrative, pushing up Brent's price.

Brent's price gained due to a "more substantial-than-anticipated drawdown in United States [US] crude inventories, a weather-induced decline in US crude production, economic stimulus measures in China, and geopolitical tensions," SPI Asset Management's managing partner Stephen Innes said.

Downward pressure:

Some downward pressures acting on Brent today come from easing supply concerns in Libya and Russia.

Russia has continued crude oil shipment in its Ust-Luga port in the Baltic Sea, despite a fire in one of its fuel export terminals earlier this week. At the same time, Libya's National Oil Corp said it is going to resume production in the country's largest oil field – the El-Sharara.

The El-Sharara oilfield produces almost 300,000 b/d and has been subjected to both local and political protests in the past.

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