

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

26/01/24

Americas bunker prices have mostly gained with Brent, and bad weather could trigger bunker suspension in GOLA again.

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

- **VLSFO prices up in Houston (\$14/mt), Balboa (\$10/mt), Zona Comun (\$6/mt), New York (\$2/mt) and Los Angeles (\$1/mt)**
- **LSMGO prices up in Houston (\$24/mt), Los Angeles (\$16/mt), New York (\$6/mt) and Balboa (\$2/mt)**
- **HSFO prices up in Los Angeles (\$2/mt), Balboa and Houston (\$1/mt), and down in New York (\$3/mt)**

Houston's VLSFO price has increased more than New York's VLSFO benchmark in the past day. As a result, Houston's VLSFO price is trading at a \$12/mt premium over New York's price now, up from yesterday's parity level.

Bunkering operations in the Galveston Offshore Lightering Area (GOLA) are currently running smoothly after being paused during the earlier part of this week. However, strong wind gusts are forecast over the weekend and may impact bunkering activities in the lightering area.

HSFO has been extremely tight in GOLA due to intermittent weather-related suspensions in the region.

Securing prompt VLSFO and LSMGO stems is difficult at the New Orleans Outer Anchorage (NOLA) due to heavy congestion caused by fog, which has triggered delivery delays. However, one supplier can provide small quantities of HSFO and LSMGO stems, with a lead time of seven days.

Brent

Front-month ICE Brent has gained \$1.32/bbl on the day, to \$81.92/bbl at 07.00 CST (13.00 GMT) today. The futures contract is on track for a 4% increase over its settlement level last week, as stronger US economic growth eases concerns about a recession.

Upward pressure:

Brent prices gained after the US reported an economic growth rate of 3.3% in the fourth quarter of 2023. This was much greater than a Reuters poll estimate of 2% growth. The stronger-than-expected growth in the US economy has eased some concerns about a recession and raised expectations of interest cuts from the US Federal Reserve (Fed).

The Fed is likely to wait until the second quarter of this year before deciding whether to cut interest rates, according to the majority of economists polled by Reuters. They think the Fed is likely to cut interest rates by June.

Lower interest rates typically boost economic activity, leading to stronger demand for oil.

The latest weekly figures from the Energy Information Administration (EIA), showed that US refineries processed less crude oil last week. US crude oil refinery input averaged 15.3 million b/d during the week ending 19 January, down by 1.4 million b/d compared to the previous week's average.

An Arctic storm has hindered refinery utilisation and curbed production at US refineries. Some argue that the harsh winter could further curtail production. This may lead to a supply crunch at a time when heating demand is high.

Downward pressure:

The Chinese government is urging Iran to assist in stopping the attacks in the Red Sea, Reuters reported citing sources from Iran. China has a strong relationship with Iran, which allegedly supports the Houthi militia that has constantly attacked vessels in the Red Sea.

If China persuades Iran to ease tensions in the Red Sea, it could reduce concerns about potential oil flow disruptions and exert downward pressure on Brent. US and British naval vessels are deployed in the Red Sea, but they have been unable to prevent all attacks on vessels in the area.

While major shipping firms avoid using the Red Sea, Saudi Arabia's oil producer Aramco has continued to send loaded tankers through the southern part of the Red Sea, Bloomberg reported.

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