

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, and availability is tight in Zona Comun.

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

- **VLSFO prices up in Zona Comun (\$23/mt), Houston (\$16/mt), New York (\$9/mt) and Balboa (\$3/mt), and down in Los Angeles (\$3/mt)**
- **LSMGO prices up in Houston (\$7/mt) and Los Angeles (\$2/mt), unchanged in New York, and down in Balboa (\$15/mt)**
- **HSFO prices up in Houston (\$9/mt) and New York (\$6/mt), and down in Los Angeles (\$4/mt) and Balboa (\$1/mt)**

Zona Comun's VLSFO price has gained more than other ports in the Americas over the weekend. On the other hand, the VLSFO price in Brazil's Santos has dropped by \$20/mt since Friday. This has flipped Santos' \$19/mt VLSFO price premium over Zona Comun, to a \$24/mt discount now.

Bunker operations at Zona Comun anchorage in Argentina are proceeding smoothly with calm weather conditions. However, the availability of VLSFO and LSMGO stems for prompt dates remains tight at the anchorage. One supplier is only able to offer stems for delivery dates after 7 February, a source says.

Houston's VLSFO price has increased more than the port's HSFO price over the weekend, to widen its Hi5 spread further from \$158/mt, to \$165/mt. Houston's Hi5 Spread is much wider than the spread of \$87/mt in New York.

Houston Ship Channel was suspended for a few hours on Friday after dense fog reduced visibility. It reopened on Saturday morning, port agency Norton Lilly informs.

## **Brent**

Front-month ICE Brent has climbed \$1.52/bbl higher on the day from Friday, to \$83.44/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Brent futures have surged amid expectations that tensions between the US and the Middle East will further escalate following yesterday's aerial attack on US forces near the Syrian border.

US President Joe Biden attributed the aerial attacks to "radical Iran-backed militant groups operating in Syria and Iraq" and announced that the US will "hold all those responsible to account at a time and in a manner our choosing", in an official statement.

Concerns of oil supply disruptions have heightened after a Trafigura-operated tanker was struck by a Houthi missile in the Gulf of Aden on Saturday. The US retaliated by launching airstrikes in Houthi-controlled areas in Yemen, confirmed the US Central Command.

"It still does not threaten the quantum of oil flows out of the Middle East but may prompt a full switch away for oil shipments from the Red Sea to travel the much longer route via the Cape of Good Hope," oil analyst and chief executive of Vanda Insights, Vandana Hari said regarding the Trafigura tanker attack.

Tighter US crude oil inventories have also supported Brent's recent gains. Commercial US crude inventories fell by 9.2 million bbls on the week, to 420.68 million bbls on 19 January, according to the Energy Information Administration.

### **Downward pressure:**

Speculations about a global economic slowdown this year could undermine Brent's upside potential.

Nearly 56% of global chief economists expect the overall global economy to "weaken" in 2024, a World Economic Forum (WEF) survey finds. Seven out of 10 respondents estimate that the "pace of geoeconomic fragmentation will accelerate" in 2024, the WEF report has said.

Around 31% of respondents expect weak economic growth in China as "weak consumption, lower industrial production and property market concerns weigh on the prospects of a stronger rebound," according to the WEF report. Weak economic growth is also seen in the US and Europe.

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