

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Regional bunker benchmarks have moved in mixed directions, and prompt availability has improved in Houston and other locations along the US Gulf Coast.

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

- **VLSFO prices up in Balboa (\$14/mt), and down in Los Angeles (\$16/mt), Zona Comun (\$9/mt), New York (\$7/mt) and Houston (\$1/mt)**
- **LSMGO prices up in Houston (\$20/mt), and down in Zona Comun (\$16/mt), Los Angeles (\$12/mt), Balboa (\$3/mt) and New York (\$1/mt)**
- **HSFO prices up in Los Angeles (\$10/mt), Balboa (\$6/mt), New York (\$3/mt) and Houston (\$1/mt)**

Houston's LSMGO price has countered Brent's downward movement and has gained in the past day. Meanwhile, New York's LSMGO price has dropped marginally. This has narrowed New York's LSMGO price premium over Houston from \$35/mt yesterday, to \$14/mt now.

Availability of all the fuel grades has improved in Houston and other locations along the Gulf Coast this week. Several suppliers can offer stems within 5-7 days of lead time.

Calmer weather conditions in the Galveston Offshore Lightering Area (GOLA) have allowed suppliers to smoothly carry out bunker operations after a period of disruptions. Bunker operations, however, are expected to be disrupted again in GOLA over the weekend due to a forecast of strong wind gusts of up to 43 knots.

Similarly, bunker operations have been running normally in Zona Comun. However, rough weather conditions are forecast over the weekend, which could disrupt bunkering there.

Brent

Front-month ICE Brent slips \$0.93/bbl lower on the day, to \$81.04/bbl at 07.00 CST (13.00 GMT).

Upward pressure:

China's upcoming Spring Festival is expected to spur higher outbound travel from China, which will drive some oil demand in the country. The Chinese transport ministry has estimated that nearly 9 billion trips will be taken over the seven-day festival, "including on railways, roads, waterways and air travel."

Commercial ships passing through the Red Sea continue to be attacked by the Houthis, now in the third month of conflict. Brent faces further upside risk if the conflict escalates or if disruptions occur in the Strait of Hormuz, a key conduit for global oil trade.

The oil market is seeing some signs of disruption as more tankers avoid the Suez Canal transits and reroute via the Cape of Good Hope. January saw an average of 15 tankers/day passing through the Suez Canal, compared to 22/day in December. A record low of 8-9/day was seen between 26-27 January, according to IMF's PortWatch data.

Downward pressure:

Commercial US crude inventories rose by 1.23 million bbls on the week, to 421.91 million bbls on 26 January, according to the US Energy Information Administration. The weekly stock build ran counter to the American Petroleum Institute's (API) projection of 2.5 million bbls draw.

Spring Festival may bring temporary respite to China's oil demand prospects, but underlying issues surrounding the country's real estate debt crisis remain a concern for its overall economic backdrop.

Saudi Arabia's decision to halt its capacity expansion raises doubts about the kingdom's long-term expectations for global oil demand and could signal changes in the global oil dynamics, says Stephen Innes, managing partner at SPI Asset Management. "Factors such as evolving energy transition policies, growing renewable energy investments, and climate change concerns could influence Saudi Arabia's strategic decisions regarding oil production capacity," he adds.

The US Federal Reserve (Fed) has left its key interest rate unchanged, and Fed Chair Jerome Powell has hinted that a rate cut in March may not be likely. Fed's unchanged interest rates could exert downward pressure on Brent's price, as it can make borrowing less attractive and decrease investor confidence, which can result in decreased oil demand.

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