

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Most benchmarks in the Americas ports have moved down with Brent, and demand for LSMGO has improved in Los Angeles.

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

- **VLSFO prices down in Zona Comun (\$18/mt), New York and Houston (\$14/mt), Los Angeles (\$13/mt) and Balboa (\$10/mt)**
- **LSMGO prices down in Zona Comun (\$30/mt), Houston (\$13/mt), New York (\$11/mt), Los Angeles (\$10/mt) and Balboa (\$4/mt)**
- **HSFO prices down in New York (\$14/mt), Houston (\$11/mt), Los Angeles (\$8/mt) and Balboa (\$4/mt)**

Zona Comun's VLSFO price has decreased in the past day partly due to the downward trend of Brent prices. Moreover, there has been an increase in the availability of stems for prompt dates this week, leading to a further drop in prices at Zona Comun, a source says. Currently, it is trading at discounts to several Brazilian ports, including Rio de Janeiro and Santos.

Bunker operations have been running smoothly in Argentina's Zona Comun anchorage so far this week. However, strong winds of up to 45 knots are forecast to hit the region on Sunday, which could disrupt bunkering at the anchorage.

Suppliers in the Galveston Offshore Lightering Area (GOLA) are currently able to carry out bunker operations smoothly due to calmer weather conditions. However, there is a forecast of strong wind gusts of up to 43 knots over the weekend, which could affect bunkering in the area. One supplier in GOLA can provide VLSFO and LSMGO grades with a lead time of 4-5 days.

The West Coast port of Los Angeles has seen a spike in demand for LSMGO in the past week compared to its twin port of Long Beach. Los Angeles' LSMGO is priced about \$16/mt higher than Long Beach's benchmark.

Brent

Front-month ICE Brent has plunged by \$2.54/bbl on the day, to \$78.50/bbl at 07.00 CST (13.00 GMT) today. The futures contract is on track for over 5% loss over its settlement level last week.

Upward pressure:

Brent dropped sharply after reports citing Qatari officials claimed that Israel had agreed to a Gaza ceasefire proposal. The benchmark, however, found some support as the reports were later quashed by Reuters citing Qatari officials.

Reuters reported that Hamas received the proposal but had yet to respond, citing a Qatari official and Taher Al-Nono, media adviser to Hamas chief Ismail Haniyeh. A Palestinian official told Reuters that "Hamas was unlikely to reject the proposal outright, but would demand guarantees that fighting would not resume, something Israel has not agreed to."

The upcoming Spring Festival in China is expected to boost some oil demand in the country. China's transport ministry predicts nearly 9 billion trips over the seven-day festival - across rail, road, water, and air.

Downward pressure:

The ghosts of the 2023 banking crisis in the US have resurfaced after New York Community Bancorp (NYCB) announced a staggering \$260 million quarterly loss for the fourth quarter. The share price of NYCB - touted as the saviour of last year's casualty Signature Bank - plunged 46% in the aftermath of the results, further alarming oil investors.

"The overbought oil market took its eyes off the fundamentals as those old banking stability concerns crept back in. Oil historically performs miserably when bank solvency issues arise and while petroleum mostly shook off the liquidation of China's massively in-debt real estate developer Evergrande, when the issue hit closer to home, the hedge funds took notice," Phil Flynn, senior analyst at The PRICE Futures Group says.

The number of oil rigs extracting crude oil in the US rose by two units to 499 last week, Baker Hughes has reported. Rising oil production in the US has "frustrated efforts by Saudi Arabia and its allies in OPEC+ to drain global oil inventories and boost prices," Reuters analyst, John Kemp has written in a column.

Brent's upside gains have been capped by concerns over China's economic growth in the near term and tensions surrounding its real estate debt crisis. "China has been taking supportive measures to help the faltering economy. However, there are still no clear indications of a strong demand revival," ING's head of commodity strategy, Warren Patterson says.

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