

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker prices have mostly gained with Brent, with the notable exception of Houston's declining VLSFO and LSMGO prices.

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

- **VLSFO prices up in New York (\$12/mt), Los Angeles (\$11/mt) and Balboa (\$1/mt), and down in Houston (\$17/mt)**
- **LSMGO prices up in New York (\$12/mt), Los Angeles (\$11/mt) and Balboa (\$4/mt), and down in Houston (\$4/mt)**
- **HSFO prices up in New York (\$24/mt), Los Angeles (\$5/mt) and Houston (\$1/mt), and down in Balboa (\$4/mt)**

Houston's VLSFO price has countered general market directions and has dropped with pressure from a lower-priced stem fixed in the past day. Meanwhile, New York's VLSFO price has gained with support from a higher-priced firm offer. This has narrowed Houston's VLSFO price premium over New York from \$65/mt yesterday, to \$36/mt now.

Houston's HSFO price has gained marginally in the past day, to narrow its Hi5 spread by \$18/mt. Its Hi5 spread is still above \$150/mt, which is much wider than New York's spread of \$66/mt.

Bunker operations resumed in the Galveston Offshore Lightering Area (GOLA) this morning, after being halted yesterday. However, strong wind gusts are forecast again from Wednesday, which may affect bunkering activities in the lightering area. Availability of bunker fuel in GOLA has been tight due to intermittent weather-related suspensions in the area, especially for HSFO.

Bunker operations also resumed in Zona Comun today after being suspended since Sunday due to bad weather conditions. Availability of VLSFO and LSMGO is normal for prompt dates at Argentina's Zona Comun anchorage. Most suppliers can deliver stems within five days of lead time.

Brent

The front-month ICE Brent contract has gained \$1.50/bbl on the day, to trade at \$78.75/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Impending drone strikes launched by the US and British armed forces on Iran-backed militant factions in Yemen, Iraq, and Syria have driven Brent futures higher this week.

According to two analysts from ING Bank, the oil market, which appears to be "largely balanced" in the first quarter of 2024, "could quickly change if tensions spread to other parts of the Middle East."

Supply concern in the oil market has taken centre stage this week after the latest series of Ukrainian airstrikes on a Russian oil facility, which impacted the country's naphtha export operations.

Downward pressure:

The news of Israel possibly agreeing to a ceasefire in the Gaza Strip has capped some of Brent's price gains.

US Secretary of State Anthony Blinken's recent trip to the Middle East has bolstered the notion of a potential resolution to the ongoing conflict between Israel and Hamas, now in its fourth month.

Blinken met with Saudi Arabia's de-facto leader on Monday to mediate calls for an immediate ceasefire before Israel began a severe ground assault on Rafah, which is currently home to Gaza's majority population.

"Hopes of a ceasefire between Israel and Hamas drove some of this weakness," ING Bank's analysts added.

By Debarati Bhattacharjee and Aparupa Mazumder

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