

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker benchmarks have moved in mixed directions, and Houston's Hi5 spread has widened further.

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

- **VLSFO prices up in Zona Comun (\$8/mt), Houston (\$6/mt) and New York (\$1/mt), and down in Balboa (\$4/mt) and Los Angeles (\$1/mt)**
- **LSMGO prices up in Houston and Zona Comun (\$6/mt) and New York (\$4/mt), and down in Los Angeles (\$5/mt) and Balboa (\$1/mt)**
- **HSFO prices unchanged in Houston, and down in Balboa (\$7/mt), New York and Los Angeles (\$1/mt)**

Most Americas' bunker benchmarks have moved marginally in the past day with Brent showing a slight upward trend.

Houston's VLSFO price has gained in the past day with support from a higher-priced firm offer. Meanwhile, the port's HSFO price has remained unchanged. This has widened its Hi5 spread by \$7/mt. Houston's Hi5 spread is currently at its highest level since March 2023.

At \$177/mt, Houston's Hi5 spread remains narrower than the other major Americas' ports, such as Los Angeles and Balboa, where spreads are at \$218/mt and \$197/mt, respectively.

Bunkering has been progressing normally in the Galveston Offshore Lightering Area (GOLA) today. However, strong wind gusts are forecast tomorrow morning which could impact bunkering.

In Argentina's Zona Comun anchorage, some suppliers can supply prompt VLSFO and LSMGO stems amid calmer weather conditions. Demand has been very low for both fuel grades in Zona Comun.

Brent

The front-month ICE Brent contract has gained \$0.34/bbl on the day, to trade at \$79.09/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures gained some after the American Petroleum Institute (API) and oil market analysts projected a rise in US crude inventories.

The API has reported a modest rise of 674,000 bbls in US crude inventories in the week ending 2 February, which is much lower than the increase of 2.13 million bbls projected by oil market analysts.

Brent prices gained further after the US Energy Information Administration (EIA) stated in its latest oil market report that it anticipates OPEC+ output cuts in the first quarter of 2024 will lead to a global inventory draw.

“The recent session saw oil [Brent] futures closing higher following the U.S. Energy Information Administration’s (EIA) announcement regarding OPEC+ production cuts,” said SPI Asset Management’s managing partner Stephen Innes.

In December, the Organisation of the Petroleum Exporting Countries and its allies (OPEC+) decided to deepen voluntary production cuts to 2.2 million b/d from January to March.

Downward pressure:

Diplomats from the US, Qatar and Egypt are proactively urging for an immediate ceasefire in the Gaza Strip. This could bring back peace in global shipping lanes, including the Suez Canal and the Bab al-Mandeb Strait, while capping Brent’s upward gains.

The visit of US Secretary of State Anthony Blinken to Israel on Tuesday, after engaging with mediators from Qatar and Egypt to deliberate on a ceasefire plan for the Israel-Hamas conflict, as reported by Reuters, has heightened speculations about an imminent ceasefire agreement.

Iran-backed Hamas militants have also put forward a proposal to halt the conflict and release all hostages to Israel on the condition that Israel withdraws its defence forces from Gaza, Reuters reported, citing a draft document.

According to the document, Hamas has proposed a three-phase plan for the ceasefire, with each phase spanning 45 days and ultimately resulting in a truce.

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