

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Americas bunker benchmarks have taken mixed directions, and a demand surge in Long Beach has raised its VLSFO and LSMGO prices over Los Angeles'.

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

- **VLSFO prices up in New York (\$26/mt), Balboa and Zona Comun (\$3/mt), and down in Houston (\$2/mt)**
- **LSMGO prices up in Houston (\$24/mt), Zona Comun (\$5/mt) and Balboa (\$2/mt), and down in New York (\$16/mt)**
- **HSFO prices up in Houston (\$7/mt), and down in Balboa (\$25/mt)**

Houston's LSMGO price has shot up in the past day with support from a higher-priced stem. On the other hand, New York's LSMGO price has defied Brent's upward movement and has dropped with pressure from a lower-priced stem. This has narrowed New York's LSMGO price premium over Houston by \$40/mt.

Availability of VLSFO and LSMGO stems is better than normal in Los Angeles amid low demand. Most suppliers can deliver stems within 5-7 days of lead time. In its twin port Long Beach, there has been an increase in demand for all fuel grades. This has contributed to push Long Beach's VLSFO price to an \$11/mt premium over Los Angeles', and its LSMGO price to a \$25/mt premium.

Balboa's HSFO price has run counter to the general market direction and dropped in the past day. A lower-priced indication may have contributed to pulling the benchmark lower. The port's VLSFO price has risen marginally, to widen its Hi5 spread further from \$198/mt, to \$226/mt.

Bunker operations have resumed in Zona Comun today, after being suspended yesterday due to bad weather conditions. However, bad weather conditions are forecast intermittently throughout the week, which could trigger suspensions.

Brent

The front-month ICE Brent contract has gained \$0.31/bbl on the day, to trade at \$82.94/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Brent futures moved higher due to strong global oil demand growth projections from market analysts.

"The market is heading into refinery maintenance season..., but ultimately the demand globally for oil will continue to be strong," Price Futures Group's senior market analyst Phil Flynn said.

The Organisation of the Petroleum Exporting Countries (OPEC) Secretary General Haitham Al Ghais sees global oil demand for 2024 to be robust, despite Saudi Arabia's decision to delay oil capacity expansion plans, Reuters reported.

"First of all I want to be clear I cannot comment on a Saudi decision ... but this is in no way to be misconstrued as a view that [oil] demand is falling," Haitham Al Ghais told Reuters at the World Governments Summit.

In its latest oil market report, OPEC stated that it anticipates global oil demand growth for 2024 to remain at 2.2 million b/d, consistent with the assessment from the previous month.

Downward pressure:

Downward pressures acting on Brent's price today include a massive build-up in commercial US crude stocks.

The US crude inventories soared by a massive 8.52 million bbls in the week ended 9 February, according to the American Petroleum Institute (API). In contrast, oil market analysts anticipate a more modest increase of 2.6 million bbls in crude stocks.

Meanwhile, Brent gains were also capped by hotter-than-anticipated US inflation data released yesterday. The US Consumer Price Index (CPI) rose 0.3% month-on-month in January, surpassing analysts' expectations of 0.2%, Reuters reported.

Oil market analysts are now predicting that the US Federal Reserve (Fed) will delay interest rate cuts this year, subsequently reducing oil demand growth. Higher interest rates can put further downward pressure on Brent as it affects consumer spending and fuel demand.

"You can forget about a March rate cut; there's no chance of that now," said SPI Asset Management's managing partner Stephen Innes. "It's unlikely that the Federal Reserve will cut interest rates in May," he added.

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