ENGINE: Americas Bunker Fuel Market Update

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Bunker prices in Americas ports have mostly dropped with Brent, and bad weather could trigger another bunker suspension in Zona Comun.

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

- **VLSFO prices down in Balboa ($37/mt), Houston ($15/mt), New York and Zona Comun ($14/mt) and Los Angeles ($13/mt)**
- **LSMGO prices down in Houston ($35/mt), Balboa ($31/mt), Los Angeles ($29/mt), Zona Comun ($24/mt) and New York ($22/mt)**
- **HSFO prices down in Houston ($17/mt), Balboa ($16/mt) and Los Angeles ($11/mt)**

Most Americas' benchmarks have dropped steeply in the past day, especially Houston's LSMGO price, which has dropped more than in other ports with pressure from a lower priced LSMGO stem. Meanwhile, New York's LSMGO benchmark made a smaller drop, to widen its premium over Houston from $2/mt yesterday, to $15/mt now.

VLSFO prices have dropped significantly in Panama's Cristobal and Balboa. Cristobal's drop has been the steepest and this has brought it from parity with Balboa's price yesterday, to a $6/mt discount now.

A high risk of fog and reduced visibility is forecast around Corpus Christi, Galveston, Port Arthur and Lake Charles from today onwards, which could delay vessel traffic into the ports and potentially through the Houston Ship Channel, Norton Lilly says. At least two suppliers in Houston are unable to offer stems on prompt dates, and one of them cannot offer deliveries until 10 March.

Bunkering is proceeding normally in Argentina's Zona Comun anchorage, but bad weather conditions are forecast over the weekend and could hamper bunkering until Wednesday.

Brent

The front-month ICE Brent contract has moved $1.64/bbl lower on the day, to trade at $81.30/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

Strong oil demand projections from OPEC have exerted upward pressure on Brent prices. In its latest market report, the Organisation of the Petroleum Exporting Countries (OPEC) left its global oil demand forecast for this year unchanged at 2.2 million b/d.

“OPEC is quite aggressive with its demand growth forecasts,” said two analysts from ING Bank. The oil-producer group's demand growth projections for 2024 notably exceed the International Energy Agency's (IEA) forecast of 1.2 million b/d growth for the same period.

Meanwhile, OPEC reported that total crude oil output among its 12 core members declined by 350,000 b/d month-on-month to 26.3 million b/d. “Lower output was expected, given the additional voluntary cuts from a handful of members,” the analysts added.

OPEC members Kazakhstan and Iraq have announced plans to review their current output levels and compensate for any overproduction in January within the next four months. This initiative aims to honour the commitments made to the coalition, Reuters reported.

Downward pressure:

Brent shed the previous day’s gains after the US Energy Information Administration (EIA) reported a massive build in US crude stockpiles, bringing back worries about a lagging demand from one of the world's largest crude consumers.

Commercial crude oil inventories in the US increased by 12 million bbls to reach 439.45 million bbls on 9 February, according to the EIA. The weekly stock build was much bigger than the American Petroleum Institute's (API) projection of 8.52 million bbls build a day earlier.

“Oil prices reversed course due to a larger-than-anticipated increase in commercial stockpiles, while products registered accelerated losses due to a decline in demand,” said SPI Asset Management’s managing partner Stephen Innes.

The stock build was primarily because of a decline in refining activity in the US, “which recorded a fourth consecutive weekly decline through February 9th,” Innes added.

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