

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

21/02/24

Bunker prices in the Americas have declined with Brent values, and thick fog and reduced visibility could delay vessel traffic through the Houston Ship Channel.

Changes on the day to 03.00 CST (09.00 GMT) today:

- **VLSFO prices up in Zona Comun (\$7/mt) and New York (\$6/mt), and down in Houston (\$11/mt), Los Angeles and Balboa (\$9/mt)**
- **LSMGO prices up in Houston (\$1/mt), and down in New York (\$20/mt), Balboa (\$19/mt) and Los Angeles (\$15/mt)**
- **HSFO prices up in New York (\$4/mt), and down in Balboa (\$7/mt), Houston (\$6/mt) and Los Angeles (\$5/mt)**

New York's LSMGO price has dropped sharply in the past day, with pressure from several lower-priced indications. On the other hand, Houston's LSMGO price has countered the general market direction and gained marginally in the past day to narrow its LSMGO price discount to New York from yesterday's \$35/mt, to \$14/mt now.

A moderate to high risk of fog and reduced visibility is forecast around Corpus Christi, Lake Charles, Port Arthur, Galveston and Freeport today, which could delay vessel traffic around the region and through the Houston Ship Channel, a source says.

Calmer weather conditions have allowed bunkering to run normally in the Galveston Offshore Lightering Area (GOLA). But wind gusts between 24-35 knots are forecast to hit the region again this evening, which could cause prolonged delays and disruptions, a source says.

Bunker deliveries are expected to be disrupted in the Bahamas' Freeport as well due to strong wind gusts of up to 42 knots forecast from Friday onwards.

Brent

The front-month ICE Brent contract moved \$1.55/bbl lower on the day, to trade at \$81.73/bbl at 03.00 CST (09.00 GMT).

Upward pressure:

Measures by the Chinese government to revive the economy have lent support to Brent prices.

The People's Bank of China (PBoC) slashed its five-year loan prime rate (LPR) yesterday by 25-basis points, Reuters reported. The lending rate cut will allow Chinese banks to offer mortgage loans at affordable rates, which could potentially revive the country's real estate market.

Oil market analysts expect robust oil demand growth in China due to these economic relief measures, potentially supporting Brent's upward move.

Brent futures also gained some because of escalating tensions in the Middle East. Israel's latest ground offensive in the Gaza Strip has put the only functional hospital in southern Rafah completely out of service, the Guardian reported. This may further trigger the Houthi militia to scale up its attacks on vessels in the Red Sea.

Downward pressure:

Brent futures shed this week's gains after weak demand growth projections weighed on the oil market's sentiment.

The hotter-than-expected US inflation data released last week has sparked concerns that the US Federal Reserve (Fed) could delay interest rate cuts for this year, subsequently capping demand growth for crude oil.

The US Consumer Price Index (CPI) rose 0.3% month-on-month in January, higher than the 0.2% expectation by analysts. Inflation at the US Fed's preferred level continues to be above the 2% target, Reuters reported. The Fed is expected to release the minutes from the January meeting today. The minutes could provide insights about the Fed's stance on monetary policies.

Higher US interest rates can reduce global demand for oil as it makes buying costlier for non-dollar currency holders.

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