

MARKET UPDATE AMERICAS



ENGINE: Americas Bunker Fuel Market Update

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Regional bunker benchmarks have mostly dropped, and bunker operations have been suspended by high winds in Zona Comun.

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

- **VLSFO prices up in Zona Comun (\$10/mt), and down in Los Angeles (\$29/mt), Houston (\$27/mt), Balboa (\$6/mt) and New York (\$5/mt)**
- **LSMGO prices up in Los Angeles (\$9/mt) and New York (\$5/mt), and down in Houston (\$36/mt) and Balboa (\$22/mt)**
- **HSFO prices up in Los Angeles (\$17/mt) and Houston (\$1/mt), unchanged in Balboa, and down in New York (\$10/mt)**

Houston's LSMGO price has come down steeply compared to other regional ports over the weekend. A lower-priced 150-500 mt LSMGO stem has dragged the port's benchmark lower. Meanwhile, New York's LSMGO benchmark has countered Brent's downward movement and has gained over the weekend, to flip its LSMGO price discount to Houston, to a \$32/mt premium 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.

Since yesterday, bunkering has been suspended in Zona Comun as strong wind gusts are making barge deliveries difficult. Calmer weather is forecast from tomorrow evening onward and could allow bunker operations to resume at the anchorage.

Availability of bunker deliveries has been very tight in Zona Comun due to intermittent weather-related suspensions in the area. Recommended lead times stretch up to two weeks for VLSFO and LSMGO.

Brent

The front-month ICE Brent contract dropped by \$1.50/bbl on the day from Friday, to trade at \$81.17/bbl at 07.00 CST (13.00 GMT) today.

Upward pressure:

The global oil market is experiencing uncertainty regarding crude supply due to OPEC+ voluntary cuts and ongoing geopolitical conflicts.

Brent's price found some support after another US-flagged and -owned oil tanker M/V Torm Thor came under two subsequent drone attacks by the Houthis on Saturday, the US Central Command (CENTCOM) confirmed.

"Unsurprisingly, Crude oil [Brent] prices have ground upwards since the start of the year, primarily due to the daily Houthi attacks in the Red Sea shipping lanes," SPI Asset Management's managing partner Stephen Innes said.

The Israel-Hamas conflict does not seem to come to an end anytime soon, mainly after Israeli Prime Minister Benjamin Netanyahu said that no sides have yet struck a ceasefire deal, Reuters reported.

"The uptick in the geopolitical risk premium from a thickening Israel-Hamas conflict has likely added a few dollars to current [Brent] prices," Innes added.

Downward pressure:

Growing US crude inventories have raised alarm bells about lacklustre oil demand in the world's largest crude oil-consuming nation and capped Brent's price gains.

US commercial crude oil stocks increased by 4 million bbls last week to reach 442.96 million bbls, according to the US Energy Information Administration (EIA).

Meanwhile, various other factors including "sluggish economic conditions and increasing electric vehicle (E.V.) sales in China, which remains a significant driver of new incremental demand," have also weighed on oil demand and put downward pressure on Brent futures, Innes said.

The International Energy Agency (IEA) suggests that global oil demand will increase by 1.2 million b/d to reach 103 million b/d in 2024. This growth rate is much lower than the 2.2 million b/d projection observed by OPEC.

"OPEC's forecast of a 2.2 mb/d increase appears overly optimistic even if the Fed and ECB cut rates sooner than expected," Innes added.

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