

# MARKET UPDATE AMERICAS



## ENGINE: Americas Bunker Fuel Market Update

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Most bunker prices in the Americas have come down with Brent, and bunker operations have been suspended in GOLLA.

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

- **VLSFO prices down in Los Angeles (\$13/mt), Houston, New York and Balboa (\$5/mt), and Zona Comun (\$3/mt)**
- **LSMGO prices up in Los Angeles (\$18/mt), and down in Balboa (\$8/mt), New York (\$7/mt), Houston (\$5/mt) and Zona Comun (\$4/mt)**
- **HSFO prices down in New York (\$6/mt), Houston (\$3/mt), Los Angeles and Balboa (\$2/mt)**

Los Angeles' LSMGO price has run counter to the general market direction and gained in the past day. On the other hand, in Long Beach, which is a twin port of Los Angeles, the LSMGO price has dropped since yesterday. As a result, Los Angeles' LSMGO is now priced at a \$5/mt premium over Long Beach's LSMGO, flipping from a \$16/mt discount yesterday.

Los Angeles' LSMGO prices also remain high compared to most other regional ports, with premiums of \$70/mt and \$73/mt over Seattle and Vancouver on the West Coast.

All fuel grades are tight for prompt delivery in Los Angeles. One supplier is able to offer VLSFO stems within a wide range of 8-13 days of lead time.

A moderate to high risk of fog and reduced visibility is forecast around the US Gulf Coast from tomorrow onwards and is expected to continue into next week, which could delay vessel traffic in the region and through the Houston Ship Channel, a source says.

Bunker operations have been suspended again in the Galveston Offshore Lightering Area (GOLA) today due to strong wind gusts. Bunker operations are likely to resume later in the day, when calmer weather is forecast.

## **Brent**

The front-month ICE Brent contract moved \$0.26/bbl lower on the day, to trade at \$83.36/bbl at 07.00 CST (13.00 GMT) today.

### **Upward pressure:**

Supply tightness in the global oil market has supported Brent's upward move this week.

The Organization of the Petroleum Exporting Countries (OPEC) and its allies are expected to extend voluntary production cuts through the second quarter of this year at their upcoming meeting, which is scheduled in the first week of March, analysts said.

"The market looks ahead to OPEC's decision on the extension of its current supply agreement," said ANZ Bank's senior commodity strategist Daniel Hynes.

Brent's price will remain elevated if the Saudi-led coalition decides to extend its 2.2 million b/d supply cut into the second quarter of this year. "OPEC will extend the current supply agreement to the end of the second quarter," Rystad Energy's head of upstream research Espen Erlingsen said.

### **Downward pressure:**

Brent futures plunged today due to concerns about slowing demand growth in the world's leading oil consumers – the US and China.

"A bearish EIA inventory report weighed on the OPEC+ supply cut expectations," said two analysts from ING Bank.

Commercial crude oil inventories in the US increased for the fifth straight week, adding 4 million bbls to reach 447.16 million bbls on 23 February, according to the US Energy Information Administration (EIA), indicating sluggish demand growth in the country.

China's state-owned National Petroleum Corporation (CNPC) expects oil demand growth in the country to ease this year due to a slow pace of post-COVID recovery.

"The corporation now expects Chinese oil demand to grow by a modest 1% to 764 mt (15.3 million b/d), the lowest demand growth forecast in at least a decade excluding the COVID-19-affected period," ING Bank's analysts added.

*By Debarati Bhattacharjee and Aparupa Mazumder*

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