



11-Nov-16 WEEK 45

## CRUDE

\$/bbl	Crude Prices			W-o-W change
	10-Nov	3-Nov		
ICE Brent	46.15	46.35	-0.20	⬇
Brent Spot	45.80	47.66	-1.86	⬇

ICE Brent futures for January mostly recovered from an initial plunge after U.S. President-elect Trump's surprise victory, settling at \$46.15/bbl. Similarly, Brent Spot prices were down by \$1.86/bbl w-o-w. Crude prices are likely to undergo a period of short-term volatility in light of weak fundamentals. Investors have shifted focus to OPEC's November 30 meeting in Vienna where the group has to reach consensus before completing its September deal to cut output. Pressure on OPEC to make a deal has intensified due to increasing uncertainty from Trump's potential energy policy.

## PRODUCTS

Asian naphtha cracks remained fairly strong after climbing to a seven-month high last week on the back of strong end-user demand and lowered supplies from the Middle East and India. Crackers are running at maximum capacity after completing annual maintenance. Asian gasoline cracks were supported by firm spot demand in the region.

Asian gasoil cracks jumped to a one-year high on Tuesday due to oil trader Winson Oil's buying spree. Winson Oil bought around 6.3 mmb of gasoil for November loading according to Reuters data. Asian fuel oil cracks saw a strong spike this week following firm winter power generation demand and lower Russian exports. The lack of 180 cst material (typically used as a cutterstock) led to a shortage of on-spec cargoes for the bunker market. This propped up Asian fuel oil cracks, bunker ex-wharf premiums and Nov/Dec time spreads.

## VLCC

WS	Spot VLCC Rates			
	10-Nov	3-Nov	W-o-W change	
AG/Japan	66.25	69.75	-3.50	⬇
AG/Singapore	67.25	70.75	-3.50	⬇
AG/USGC	40.00	37.00	3.00	⬆
WAF/Far East	65.00	66.00	-1.00	⬇

VLCC rates in the East of Suez have softened after last week's rush of activity, down by w3.5 points w-o-w. Chartering for November loading seem to be almost completed, with only a few cargoes left and a lack of fresh cargoes reported. Owners seem to be awaiting a seasonal boost in rates in the coming weeks due to winter demand for cargoes. While the list of available tonnage remains long, weather delays may affect ship deliveries.

# SUEZMAX/AFRAMAX

Spot Suezmax/Aframax Rates					
WS	Vessel	10-Nov	3-Nov	w-o-w change	
AG/East	Suezmax	72.50	72.50	-	●
WAF/USAC	Suezmax	55.00	57.00	-2.00	▼
AG/East	Aframax	85.00	92.50	-7.50	▼
Indo/Japan	Aframax	80.50	89.50	-9.00	▼

The Asian Suezmax market seemed fairly stable on the back of steady activity, with AG/East rates flat w-o-w. India's BPCL placed a vessel on subjects for a Ras Tanura-Cochin voyage, loading November 22, at w75, basis 130,000 mt. Rates for the WAF/USAC Suezmax route weakened slightly by w2 points w-o-w due to excess tonnage. The recent militant attack on Shell's Forcados crude export pipeline in Nigeria may push down rates as the country's oil production falls by at least 200 kb/d. Aframaxes trading in the East of Suez saw lower rates w-o-w, down by w7.5 for the AG/East route and w9 for the Indo/Japan route due to thin fixing activity. We may see a pick-up in rates over Q4 on the back of increased winter power generation demand for fuel oil from Japan and South Korea.

## MR/LR

Spot MR/LR Rates					
\$/T	Vessel	10-Nov	3-Nov	w-o-w change	
AG/Japan (75 kt)	LR	12.73	15.27	-2.54	▼
AG/Japan (55 kt)	LR	14.49	15.66	-1.17	▼
AG/Japan	MR	18.21	18.99	-0.78	▼

Both LR and MR tanker rates in the East of Suez declined w-o-w for the key AG-Japan route due to a lack of cargo movement. The region is seeing limited naphtha flows from India and the Middle East, which has led to reduced cargoes. Saudi Arabia's major Yasref and Ras Tanura refineries have been shut for year-end maintenance, while India's Paradip refinery recently started up its catalytic reformer which reduced naphtha exports.

## BUNKERS

Bunker Prices					
\$/T		10-Nov	3-Nov	w-o-w change	
Singapore 380 cst		272.00	269.50	2.50	▲
Singapore 180 cst		279.00	278.50	0.50	▲
Singapore MGO		443.00	448.50	-5.50	▼
Singapore Ex-Wharf Premium 380 cst		4.17	3.33	0.84	▲

Bunker demand in Singapore has been strong this week on the back of tightened supply and lack of on-spec cargoes. Ex-wharf premiums for 380 cst fuel oil spiked over the week, reaching a near 10-month high at \$6.27/T on Tuesday before settling at \$3.18/T. Tight barging schedules for some bunker suppliers also supported the boost in ex-wharf premiums.

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