



WEEKLY REPORT

18-Nov-16 WEEK 46

CRUDE

\$/bbl	17 NOV	10 NOV	W-O-W CHANGE	
ICE Brent	46.57	46.15	0.42	▲
Brent Spot	46.66	45.80	0.86	▲

Crude flat prices inched up w-o-w on the back of renewed positive sentiment regarding a possible OPEC deal on November 30. ICE Brent front-month futures were up by \$0.42/bbl w-o-w to \$46.57/bbl while Dated Brent grew by \$0.86/bbl w-o-w to \$46.66/bbl. Fundamentals remain weak with OPEC members pumping at record levels, key exporters such as Russia, Libya and Kazakhstan ramping up production as well as excess supply seen in the North Sea.

PRODUCTS

Asian naphtha cracks remained strong on the back of robust demand from crackers as well as lower prompt supplies. As refineries in the region maximize distillate yields due to increased winter heating demand, naphtha production has seen a temporary fall. The market is expected to see a flood of supply going forward as a slew of condensate splitters come online by 1H 2017. Asian gasoline cracks were supported by firm demand from Indonesia, the biggest importer in the region.

Asian fuel oil cracks were boosted by steady power generation demand from South Korea, Sri Lanka and Bangladesh. Increased power generation demand for 180cst material has reduced availability of cutterstock for bunker fuel, resulting in a persistent lack of on-spec cargoes.

VLCC

WS	17 NOV	10 NOV	W-O-W CHANGE	
AG/Japan	69.00	66.25	2.75	▲
AG/Singapore	70.00	67.25	2.75	▲
AG/USGC	38.00	40.00	-2.00	▼
WAF/Far East	67.00	65.00	2.00	▲

Asian VLCC rates held up in the face of subdued chartering activity as owners anticipate increased winter demand for cargoes in the coming weeks. AG/Japan VLCC rates were up by w2.75 points w-o-w to w69, boosted by a shorter tonnage list as well as weather delays in North Asia. We expect fixture rates to remain fairly strong as chartering for December loading continues. VLCC rates for the WAF/Far East route firmed by w2 points w-o-w to w67 due to the stronger AG market.

SUEZMAX/AFRAMAX

WS	17 NOV	10 NOV	W-O-W CHANGE	
AG/East Suezmax	77.00	72.50	4.50	▲
WAF/UKC Suezmax	87.50	70.00	17.50	▲
AG/East Aframax	82.50	85.00	-2.50	▼
Indo/Japan Aframax	76.00	80.00	-4.00	▼
Caribs/USGC Aframax	132.50	120.00	12.50	▲

Asian Suezmax tankers saw higher fixture rates on the back of steady demand for Kharg-loading cargoes. AG/East rates strengthened by w4.5 points w-o-w to w77. Iranian oil production recently grew by another 250 kb/d to reach an estimated 3.94 mmb/d after boosting output at three new oilfields faster than expected. Robust Iranian flows may continue to lend support to Asian Suezmax rates, depending on the outcome of the upcoming OPEC deal on November 30. Rates for the WAF/USAC Suezmax route strengthened by w17.5 points w-o-w to w77 due to steady demand and tightened tonnage as less vessels ballasted in from the East. Aframax freight rates in the East of Suez weakened w-o-w, down by w2.50 points for the AG/East route and w4 points for the Indo/Japan route. We expect to see a pick-up in rates as more ships ballast from Indonesia to the AG on the back of a strong Med market, helping to reduce excess tonnage. Other bullish factors include weather delays in North Asia as well as increased winter power generation demand for fuel oil from South Korea and Japan amid La Niña weather conditions.

MR/LR

\$/T	17 NOV	10 NOV	W-O-W CHANGE	
AG/Japan 75 kt	12.14	12.73	-0.59	▼
AG/Japan 55 kt	14.69	14.69	0.00	●
AG/Japan MR	17.82	18.11	-0.29	▼

LR1 tanker rates for the key AG/Japan route declined w-o-w amid muted demand and oversupply. With the naphtha East/West arb open and reduced volumes from the Middle East and India, buyers in Asia have turned to sourcing naphtha cargoes from Europe. The arbitrage window has narrowed but Asia remains an outlet for Med volumes. This might provide some slight relief to the oversupplied LR market as more vessels move out of Asia. The Asian MR market remains slow due to a lack of cargoes. Ongoing refinery maintenance at Reliance's 200 kb/d FCC unit at Jamnagar has reduced the supply of clean products.

BUNKERS

\$/T	17 NOV	10 NOV	W-O-W CHANGE	
Singapore 380 cst	273.00	272.00	1.00	▲
Singapore 180 cst	284.00	279.00	5.00	▲
Singapore MGO	435.00	443.00	-8.00	▼
Ex-Wharf Premium 380 cst	3.94	4.17	-0.23	▼

Bunker demand in Singapore remained steady as ex-wharf premiums moderated slightly by \$0.23/T w-o-w to \$3.94/T. 380cst and 180cst bunker fuel prices grew by \$1/T and \$5/T respectively w-o-w, reflecting concerns about the lack of on-spec material and busy barging schedules. October bunker sales in Singapore grew 10% y-o-y to 4 mmt, bringing total year-to-date sales to 40.6 mmt. This marks the highest ever year-to-date sales for the port.

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