



CRUDE

CRUDE PRICES				
\$/BBL		24 NOV	17 NOV	W-O-W CHANGE
ICE Brent		49.02	46.15	2.87 ▲
Brent Spot		48.80	46.66	2.14 ▲

Crude flat prices jumped w-o-w, touching a three-week high on Tuesday due to increased expectations that OPEC will agree on a collective supply cut at a ministerial meeting on November 30. ICE Brent front-month futures were up by \$2.87/bbl w-o-w to \$49.02/bbl while Dated Brent grew by \$2.14/bbl w-o-w to \$48.80/bbl. We expect OPEC to reach a deal which is most likely to be some form of face-saving measure, be it a production freeze or supply cut of 500 kb/d to 1 mmb/d.

While oil prices will see a short-term rally in the aftermath of the OPEC meeting, the boost in prices will likely not be sustained through 2017 due to persistent oversupply in the market. The ICE Brent futures curve reflects the state of oversupply in the market as timespreads remained unchanged, with the M1-M2 spread still in contango at \$1/bbl.

PRODUCTS

Asian naphtha cracks eased w-o-w due to ample prompt supplies. Increased volumes from new condensate splitters coming online by 1H 2017 are likely to further weigh on naphtha cracks. Asian gasoline cracks reached a three-week high due to a fire at Reliance's 210 kb/d gasoline-producing FCC unit, which could further delay its restart.

Asian fuel oil cracks were unchanged w-o-w as concerns regarding the availability of on-spec material remained despite fresh arrivals of arbitrage cargoes. Two VLCCs carrying fuel oil are heading over from Rotterdam to Singapore, which will boost supply.

VLCC

SPOT VLCC RATES				
WS		24 NOV	17 NOV	W-O-W CHANGE
AG/Japan		74.75	69.00	5.75 ▲
AG/Singapore		75.75	70.00	5.75 ▲
AG/USGC		41.00	38.00	3.00 ▲
WAF/Far East		72.00	67.00	5.00 ▲

VLCC freight rates in the East of Suez were supported by firm winter demand for cargoes from regional refiners, with AG/Japan rates up by w4.75 points w-o-w to w73.75. Pulled up by robust fuel oil cracks, healthy refining margins have incentivized refiners to run at higher rates. We see further upside for rates over the following week on the back of steady cargo flows.

VLCC rates for the WAF/Far East route grew by w5 points w-o-w to w72 as the narrowing Brent/Dubai exchange of futures for swaps (EFS) encouraged Asian buyers to buy more West African grades. Strong fuel oil cracks in Asia have led to increased demand for heavy sweet Angolan crudes such as Dalia and Pazflor, which reached 2-1/2 year highs on Tuesday.

SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS	VESSEL	24 NOV	17 NOV	W-O-W CHANGE
AG/East	Suezmax	85.00	77.00	8.00 ▲
WAF/UKC	Suezmax	100.00	87.50	12.50 ▲
AG/East	Aframax	100.00	82.50	17.50 ▲
Indo/Japan	Aframax	105.00	76.00	29.00 ▲
Caribs/USGC	Aframax	135.00	132.50	2.50 ▲

Rates for Asian Suezmax tankers grew on the back of steady fixing activity for cargoes out of Iraq and Iran, with AG/East rates up by w8 points w-o-w to w85. Tightened tonnage due to delays in the Turkish Straits as well as firm demand boosted rates for the WAF/UKC Suezmax route by w12.5 points w-o-w to w100.

The Asian Aframax market strengthened w-o-w, with freight rates up by w17.50 points for the AG/East route and w29 points for the Indo/Japan route. This was due to a few factors such as more ships ballasting from Indonesia to the AG, increased cargo flows for the third decade as well as delays in North China. A few vessels were fixed for loading cargoes out of Kozmino to China. Chinese buyers have been favoring low sulfur Russian crudes such as ESPO and Sokol due to stricter environmental regulations as well as short-haul voyages.

MR/LR

SPOT MR / LR RATES				
\$/T		24 NOV	17 NOV	W-O-W CHANGE
AG/Japan (75 kt))))		13.71	12.14	1.57 ▲
AG/Japan (55 kt))))		14.20	14.69	-0.49 ▼
AG/Japan (MR))))		17.62	17.82	-0.20 ▼

LR2 tanker rates in the East of Suez were up w-o-w on the back of steady demand and tightened tonnage. A few vessels were hired to move naphtha cargoes to Japan. Firm petrochemical margins have incentivized many naphtha-fed steam crackers in the region to run at high rates. Asian LR1 rates were muted w-o-w despite a stream of fresh cargoes due to a high availability of vessels. Likewise, the Asian MR market fell slightly by \$0.20/T w-o-w for the AG/Japan route due to an oversupply of ships. We expect to see a pick-up in MR rates in the coming weeks as more kerosene cargoes move along the South Korea/Japan route. An earlier-than-usual winter in Japan has led to increased heating demand for kerosene which is widely used as a heating fuel. Japanese refiners typically import the heating fuel from South Korea where they lease storage. Another bullish factor for MRs is increased gasoline and diesel exports from China as teapot refiners scramble to use up their quotas before the year ends.

BUNKERS

BUNKER PRICES			
\$/T	24 NOV	17 NOV	W-O-W CHANGE
Singapore 380 cst	289.50	273.00	16.50 ▲
Singapore 180 cst	298.50	284.00	14.50 ▲
Singapore MGO	447.00	435.00	12.00 ▲
Singapore Ex-Wharf Premium 380 cst	2.81	3.94	-1.13 ▼

Bunker demand in Singapore was lower w-o-w as ex-wharf premiums fell by \$1.13/T w-o-w to \$2.81/T. This was largely due to the jump in bunker prices, in line with the uptick in crude prices. Singapore 380cst and 180cst bunker fuel prices grew by \$16.50/T and \$14.50/T respectively w-o-w, keeping buyers at bay.