



CRUDE

| CRUDE PRICES | | | | |
|--------------|--|-------|-------|--------------|
| \$/BBL | | 8 DEC | 1 DEC | W-O-W CHANGE |
| ICE Brent | | 53.89 | 53.59 | 0.30 ▲ |
| Dubai | | 50.45 | 48.80 | 1.65 ▲ |

Crude flat prices grew w-o-w in hopes of an agreement to cut non-OPEC production at the meeting in Vienna on 10 December. ICE Brent front-month futures edged up by \$0.30/bbl w-o-w to \$53.89/bbl while December Dubai crude swaps were up by \$1.65/bbl w-o-w to \$50.45/bbl. Key OPEC producers will continue to supply term volumes with Asian buyers in January despite the decision to cut output. Saudi Aramco has shown its commitment to its strategy of defending market share by cutting January OSP differentials to a four-month low.

PRODUCTS

The Asian naphtha crack continued its downward streak, falling by \$8.48/T w-o-w to \$58.38/T due to ample supplies and the rally in crude prices. Increased volumes from the West (up by 500 kt m-o-m) are keeping a lid on cracks. Asia's gasoline crack inched up w-o-w, supported by spot demand from Vietnam and a fall in inventories.

Asia's fuel oil crack remained firm w-o-w, in line with a draw in Singapore inventories which are at a one-month low. Tight availability of on-spec material, firm winter power generation demand as well as terminal congestion have been supporting fuel oil cracks.

VLCC

| SPOT VLCC RATES | | | | |
|-----------------------|--|-------|-------|--------------|
| WS | | 8 DEC | 1 DEC | W-O-W CHANGE |
| AG/Japan (265 kt) | | 79.00 | 68.00 | 11.00 ▲ |
| AG/Singapore (270 kt) | | 80.00 | 69.00 | 11.00 ▲ |
| AG/USGC (280 kt) | | 42.00 | 40.00 | 2.00 ▲ |
| WAF/Far East (260 kt) | | 76.00 | 70.00 | 6.00 ▲ |

VLCC freight rates in the East of Suez reversed their losses from last week, rallying w11 points to w79 points as charterers rushed to fix end-month loadings ahead of the holiday season as well as the planned OPEC cuts effective next year. Slower turnarounds in discharge ports and reduced availability of older vessels led to a tightened position list, which lent further support to VLCC rates. The swing in rates may not be sustained next week due to more subdued activity during the festive period. Rates for the WAF/Far East route grew by w6 points w-o-w to w76 on the back of the firm AG market. VLCC floating storage is just about workable with M1/ M2 at ~\$0.70/bbl, which may lead to higher enquiry.

SUEZMAX/AFRAMAX

| SPOT SUEZMAX/AFRAMAX RATES | | | | |
|----------------------------|---------|--------|--------|--------------|
| WS | VESSEL | 8 DEC | 1 DEC | W-O-W CHANGE |
| AG/East (130 kt) | Suezmax | 87.50 | 87.50 | 0.00 |
| WAF/UKC (130 kt) | Suezmax | 80.00 | 87.50 | -7.50 ▼ |
| AG/East (80 kt) | Aframax | 112.50 | 105.00 | 7.50 ▲ |
| Indo/Japan (80 kt) | Aframax | 135.00 | 110.00 | 25.00 ▲ |

The Asian Suezmax market moved sideways with rates for AG/East flat w-o-w. While activity was fairly muted, forward fixing due to the upcoming holiday season helped to put a floor under rates. With VLCC rates firming, we might see some demand shift to Suezmaxes. Rates for WAF/UKC softened by w7.5 points w-o-w on the back of low inquiry but may pick up next week as the position list tightens.

Aframax rates in the East of Suez jumped w-o-w, up by w25 points for the Indo/Japan route and w7.5 points for the AG/ East route. This was largely due to an early and colder-than-usual winter in North Asia, prompting greater demand for cargoes. Refiners in the region typically raise utilization rates during Q4 in order to meet winter demand. We see further upside for Aframax rates for the coming week.

MR/LR

| SPOT MR / LR RATES | | | |
|----------------------|-------|-------|--------------|
| \$/T | 8 DEC | 1 DEC | W-O-W CHANGE |
| AG/Japan (75 kt)))) | 13.71 | 14.34 | -0.63 ▼ |
| AG/Japan (55 kt)))) | 14.88 | 14.69 | 0.19 ▲ |
| AG/Japan (35 kt)))) | 19.58 | 19.58 | 0.00 |

Asian LR2 rates dipped w-o-w on the back of slow demand amid a weak naphtha market as well as long tonnage list. LR1 rates inched up by \$0.19/T w-o-w with some enquiry seen in North Asia but still face an overhang of tonnage.

While MR rates for the AG/Japan route were flat w-o-w on the back of muted activity, rates for the short haul voyage from South Korea to Japan hit USD 285,000, up from USD 260,000 last week. The MR and LR markets may see a boost in demand over the next few weeks in the aftermath of a wave of deals in the Asian gasoil market on Thursday, where 27 cargoes were sold.

BUNKERS

| BUNKER PRICES | | | |
|------------------------------------|--------|--------|--------------|
| \$/T | 8 DEC | 1 DEC | W-O-W CHANGE |
| Singapore 380 cst | 321.00 | 303.50 | 17.50 ▲ |
| Singapore 180 cst | 331.50 | 314.50 | 17.00 ▲ |
| Singapore MGO | 474.00 | 456.50 | 17.50 ▲ |
| Singapore Ex-Wharf Premium 380 cst | 3.93 | 4.39 | -0.46 ▼ |

Singapore ex-wharf premiums fell by \$0.46/T w-o-w to \$3.93/T as suppliers were keen on clearing inventories before the fiscal year ends. Higher bunker prices may have deterred buyers as well. Singapore 380cst and 180cst bunker fuel prices grew by \$17.50/T and \$17.00/T respectively w-o-w due to the rally in crude prices and increased terminal congestion.