



CRUDE

CRUDE PRICES				
\$/BBL		15 DEC	8 DEC	W-O-W CHANGE
ICE Brent		54.02	53.89	0.13 ▲
Dubai		51.35	50.45	0.90 ▲

ICE Brent front-month futures saw a spike at the beginning of the week as non-OPEC producers agreed to cut output by 558 kb/d, reaching \$55.72/bbl before settling at \$54.02/bbl on Thursday. December Dubai crude swaps were up by \$0.90/bbl w-o-w to \$51.35/bbl. OPEC producers have started signaling their commitment to cut output by informing Asian customers that they will reduce supply from January. However, a potential jump in Libyan production and strong US dollar will put a lid on any further upside to prices. Libya's largest export terminal (Es Sider) and oilfields (Sharara and El Feel) are poised to reopen within the week.

PRODUCTS

Asia's naphtha crack remains plagued by oversupply on the back of higher Western arbitrage volumes (up by 500 kt m-o-m). Asia's gasoil crack grew w-o-w, in line with the fall in inventories which reached a five-month low of 11.9 mmb. The contango in Singapore gasoil swaps has incentivized traders to charter LR tankers for floating storage for 30 to 90 days. The M1/M2 spread is currently around \$0.50/bbl.

The sustained strength in Asia's fuel oil crack is in line with the draw in stocks for the fourth consecutive week. Delayed arrivals from the Black Sea and ARA region has led to tighter supply in the market, compounded by robust winter power generation demand.

VLCC

SPOT VLCC RATES				
WS		15 DEC	8 DEC	W-O-W CHANGE
AG/Japan (265 kt)		89.00	79.00	10.00 ▲
AG/Singapore (270 kt)		90.00	80.00	10.00 ▲
AG/USGC (280 kt)		52.50	42.00	10.50 ▲
WAF/Far East (260 kt)		82.50	76.00	6.50 ▲

Asian VLCC freight rates continued their upward streak as they crossed the w80 mark, reaching an 8-month high. Rates for the key AG/Japan route jumped by w10 points w-o-w to w89 points as Middle Eastern producers ramp up production before the OPEC cuts become effective next year. As charterers rush to cover cargoes for early January before the upcoming holiday season, the tighter tonnage list has helped to push rates up. Rates could cross the w90 mark next week due to the larger crude loading program from Iraq (up 11.6% m-o-m) and unaffected term supply volumes from Saudi Arabia. The boost in VLCC freight rates may be short-lived as a wave of newbuilds will be delivered come January, compounded by the effect of planned OPEC cuts. Rates for the WAF/Far East route were up by w6.5 points w-o-w to w82.5 on the back of the firm AG market. Fixtures heard include CNOOC placing the New Voyage on subjects for a WAF-China voyage, loading January 21-22, at w82.5 basis 260kt.

SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS	VESSEL	15 DEC	8 DEC	W-O-W CHANGE
AG/East (130 kt)	Suezmax	95.00	90.00	5.00 ▲
WAF/UKC (130 kt)	Suezmax	115.00	80.00	35.00 ▲
AG/East (80 kt)	Aframax	117.50	125.00	-7.50 ▼
Indo/Japan (80 kt)	Aframax	125.00	135.00	-10.00 ▼

Suezmax rates in the East of Suez firmed w-o-w on the back of a steady stream of Basrah-loading cargoes and a shorter tonnage list. Rates for the AG/East route grew by w5 points w-o-w to w95 while rates for WAF/UKC jumped up by w35 points w-o-w to w115. The West African Suezmax market picked up due to robust cargo volumes and a tight position list. The strength in the Middle East market also led to reduced ballasts into WAF.

Asian Aframax rates reversed some of last week's gains, down by w10 points w-o-w for the Indo/Japan route and w7.5 points w-o-w for the AG/East route on the back of muted activity. However, less availability of modern vessels in the Middle East will keep a floor under rates.

MR/LR

SPOT MR / LR RATES			
\$/T	15 DEC	8 DEC	W-O-W CHANGE
AG/Japan (75 kt) )))	14.96	13.71	1.25 ▲
AG/Japan (55 kt) )))	15.72	14.88	0.84 ▲
AG/Japan (35 kt) )))	20.07	19.58	0.49 ▲

LR rates in the East of Suez saw some signs of recovery. LR2 rates for the AG/Japan route grew by \$1.25/T w-o-w to \$14.96/T as some vessels were taken for gasoil storage around Singapore while some LR2s turned dirty due to higher earnings. This has tightened the prompt supply of ships, lending support to rates. Around 6-9 vessels were snapped up by traders including Glencore, Vitol and BP for short-term charters ranging from 30 to 90 days. LR1 rates for the AG/Japan route were up by \$0.84/T w-o-w to \$15.72/T on the back of steady demand but still face oversupply of tonnage.

The Asian MR market saw a significant spike this week as charterers rushed to fix an influx of fresh cargoes before the holiday season. Rates for the key South Korea-Japan basis 30kt route grew by \$35,000 w-o-w to \$305,000 while rates for the key South Korea-Singapore basis 40 kt route jumped by \$95,000 w-o-w to \$400,000. Robust winter heating demand, increasing cargoes from China and South Korea as well as weather delays lent support to MR rates.

BUNKERS

BUNKER PRICES			
\$/T	15 DEC	8 DEC	W-O-W CHANGE
Singapore 380 cst	328.00	321.00	7.00 ▲
Singapore 180 cst	346.00	331.50	14.50 ▲
Singapore MGO	488.50	474.00	14.50 ▲
Singapore Ex-Wharf Premium 380 cst	4.33	3.93	0.40 ▲

Singapore 380cst and 180cst bunker fuel prices grew by \$17.50/T and \$17.00/T respectively w-o-w, tracking the increase in crude prices. Firm bunker demand during the holiday season has led to strong interest in prompt cargoes, pushing up Singapore ex-wharf premiums by \$0.40/T w-o-w to \$4.33/T.