



## CRUDE

CRUDE PRICES				
\$/BBL		22 DEC	15 DEC	W-O-W CHANGE
ICE Brent		55.05	54.02	1.03 ▲
Dubai		52.13	51.35	0.78 ▲

Crude flat prices grew from last week on the back of market optimism regarding the agreement between OPEC and non-OPEC producers to cut production by 1.8 mmb/d effective January 1. ICE Brent front-month futures were up by \$1.02/bbl w-o-w while December Dubai crude swaps were up by \$0.78/bbl. The Brent/Dubai exchange of futures for swaps (EFS) narrowed to \$1.86/bbl due to expectations of lower Middle East supplies.

Es Sider, Libya's largest export terminal, has reopened following a two-year closure while output at Libya's Sharara oilfield reached 58 kb/d on Wednesday. A rapid recovery in Libyan production could add downwards pressure to crude prices.

## PRODUCTS

Asia's naphtha crack firmed w-o-w, supported by the strength in gasoline cracks. Fundamentals remain weak due to high Western arbitrage arrivals and are expected to stay pressured by the start-up of three new condensate splitters next year. Among the three, CPC's 50 kb/d condensate splitter in Taiwan is expected to come online in early 2017.

Asia's gasoline crack reached a one-month high despite the off-peak season due to firm regional demand. Ongoing refinery outages in the US as well as holiday demand also boosted Asian gasoline cracks.

Higher supplies in the coming months pulled Asian gasoil cracks down. China exported 348 kb/d of diesel in November, up by 62% y-o-y. We expect December exports to hit a new high as Chinese refiners try to use up their leftover quotas for the year. Fuel oil cracks in Asia held steady despite the arrival of delayed arbitrage cargoes from the West which led to a jump in onshore inventories in Singapore.

## VLCC

SPOT VLCC RATES				
WS		22 DEC	15 DEC	W-O-W CHANGE
AG/Japan (265 kt)		91.00	89.00	2.00 ▲
AG/Singapore (270 kt)		92.00	90.00	2.00 ▲
AG/USGC (280 kt)		52.50	52.50	0.00 ●
WAF/Far East (260 kt)		80.00	82.50	-2.50 ▼

East of Suez VLCC freight rates held firm, sustaining their rally and crossing the w90 mark for the first time since early April. Rates for the AG/Japan route grew by w2 points w-o-w to w91 points. Fixtures heard include Tonen placing the Asian Progress V on subjects for an AG/Japan voyage, loading January 10-12, at w90 basis 270kt. While owners were gunning for w100, the market seems to have already peaked as seen from softened fixing activity at the end of the week. Rates for the WAF/Far East route inched down on the week by w2.5 points due to a lack of fresh cargoes and weakened sentiment in the AG.

## SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS	VESSEL	22 DEC	15 DEC	W-O-W CHANGE
AG/East (130 kt)	Suezmax	98.00	95.00	3.00 ▲
WAF/UKC (130 kt)	Suezmax	105.00	115.00	-10.00 ▼
AG/East (80 kt)	Aframax	110.00	117.50	-7.50 ▼
Indo/Japan (80 kt)	Aframax	108.00	125.00	-17.00 ▼

Asian Suezmax rates edged up from the previous week on the back of a steady flow of cargoes including some split VLCC stems. Rates for the AG/East route grew by w3 points w-o-w to w98. In contrast, the West African Suezmax market reversed some of its gains from the week before as rates for WAF/UKC fell by w10 points to w105 due to a slowdown in demand. Suezmax rates in West Africa may see further downside as more tonnage opens up over the next week and loading dates for Nigeria's Qua Iboe crude are pushed back amidst worker strikes.

Aframax rates in East of Suez continued their slide downwards, falling by w17 points w-o-w for the Indo/Japan route and w7.5 points w-o-w for the AG/East route due to a dearth of cargoes. Over the past 1-2 months, an estimated 15 LR2 tankers switched to the dirty market due to higher earnings, lengthening the already long tonnage list. While weather delays in North Asia remains a key factor to watch as seen from the suspension of loading at Kozmino, lower ESPO export volumes in Q1 may keep Aframax rates pressured. ESPO crude exports from Kozmino will fall by 0.8 mmt in Q1 compared to the previous quarter due to pipeline maintenance.

## MR/LR

SPOT MR / LR RATES			
\$/T	22 DEC	15 DEC	W-O-W CHANGE
AG/Japan (75 kt) )))	20.78	14.96	5.82 ▲
AG/Japan (55 kt) )))	20.97	15.72	5.25 ▲
AG/Japan (35 kt) )))	20.49	20.07	0.42 ▲

The Asian LR tanker market saw a rebound w-o-w, with LR2 rates for the AG/Japan route surging by \$5.82/T to \$20.87/T due to a lack of prompt tonnage as some vessels were taken for gasoil storage and some turned dirty. LR1 rates for the AG/Japan route jumped by \$5.25/T to \$20.97/T, in line with the strength in LR2 segment. Fixtures heard include Vitrol placing the Maistros on subjects for a Qatar/Japan voyage, loading December 30, at w110 basis 55 kt.

The Asian MR tanker market remained firm, with rates for the key South Korea-Japan basis 30kt route up by \$25,000 w-o-w to \$330,000. Rates for the key South Korea-Singapore basis 40 kt route held steady at \$405,000. Weather delays and port congestion in North Asia has tightened tonnage in the region.

## BUNKERS

BUNKER PRICES			
\$/T	22 DEC	15 DEC	W-O-W CHANGE
Singapore 380 cst	336.50	328.00	8.50 ▲
Singapore 180 cst	348.50	346.00	2.50 ▲
Singapore MGO	494.00	488.50	5.50 ▲
Singapore Ex-Wharf Premium 380 cst	4.33	4.33	-0.79 ▼

Singapore 380cst and 180cst bunker fuel prices were up by \$8.50/T and \$2.50/T respectively w-o-w as crude prices firmed further. Terminal congestion in Singapore prevented some suppliers from delivering bunkers. Singapore ex-wharf premiums fell by \$0.79/T w-o-w to \$3.54/T as delayed arbitrage supplies from the West finally reached Singapore.

Singapore will see the mandatory adoption of mass flow meters (MFM) for bunker barges from January 1. This could lead to some bunker suppliers pulling out of the market due to the tighter regulations and costs of installing MFMs. While MFM delivered bunker prices are still at a premium to non-MFM delivered prices, this is likely to continue narrowing as more competition emerges.