



CRUDE

CRUDE PRICES				
\$/BBL		2 FEB	26 JAN	W-O-W CHANGE
ICE Brent		56.56	56.24	0.32 ▲
Dubai		55.09	53.94	1.15 ▲

Crude prices inched up from last week, supported by news of high OPEC compliance with its planned cuts as well as a possible move by the US to impose new sanctions against Iran. Russia has cut crude production by around 100 kb/d in January, showing its commitment to the OPEC and non-OPEC agreement. ICE Brent front-month futures grew by \$0.32/bbl from last week to \$56.56bbl, while Dubai swaps were up by \$1.15/bbl to \$55.09/bbl.

Reflecting the stronger Dubai benchmark and firm demand for medium to heavy crudes, Saudi Aramco has raised March crude official selling prices (OSP) for Asia. Price hikes for Arab Medium and Arab Heavy were higher than market expectations despite weaker fuel oil cracks.

PRODUCTS

Asia’s naphtha crack slipped from last month’s one-year high but remains supported by robust petchem demand. Lower February inflows from the West and the outage at ADNOC’s 127 kb/d Ruwais RFCC unit have shrunk naphtha supplies. Asian gasoline cracks hit a one-year high on Wednesday on the back of a series of both planned and unplanned refinery outages in the Middle East and Indonesia.

Gasoil cracks in Asia inched down w-o-w despite a stock draw of 240 kb/d. The East-West arb remains closed which has contributed to falling clean freight rates. The Asian fuel oil market is showing signs of weakness, with cracks falling w-o-w amidst heavy selling pressure. Singapore onshore inventories surged to a ten-week high, up by 9% w-o-w to hit 23.8 mmb.

VLCC

SPOT VLCC RATES				
WS (2017 basis)		2 FEB	26 JAN	W-O-W CHANGE
AG/Japan (265 kt)		68.00	78.00	-10.00 ▼
AG/Singapore (270 kt)		70.00	80.00	-10.00 ▼
AG/USGC (280 kt)		40.00	48.50	-8.50 ▼
WAF/Far East (260 kt)		71.50	77.00	-5.50 ▼

The VLCC market in the East of Suez saw a lull with charterers away from their desks during Chinese New Year holidays. VLCC rates remained pressured by ample availability of newbuilds in the market, dropping by w10 points from last week to w68 for an AG/Japan run.

Firm activity in WAF failed to stymie the fall in rates for the WAF/Far East route, with rates down by w5.5 points to w71.5 due to a weak AG market. A narrow Brent-Dubai EFS has incentivized heavy buying by Asian refiners, with West African crude loading for Asia hitting a 5-year high in February at 2.2 mmb/d (up by 22.2% m-o-m). With Angola’s March loading program snapped up within less than 10 days after its release, owners can only hope that growing cargo volumes will lend some support to rates in WAF. Angola’s crude exports are expected to reach 46.9 mmb in March, up by 0.7mmb from February.

Upcoming spring maintenance season which will dampen cargo demand as well as a spike in newbuild deliveries over Q1 spell a long road to recovery for VLCC rates. An estimated 12 VLCCs were delivered in January, marking the highest monthly number of VLCCs ever and double that of 2016.

SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS (2017 basis)	VESSEL	2 FEB	26 JAN	W-O-W CHANGE
AG/East (130 kt)	Suezmax	83.50	90.00	-6.50 ▼
WAF/UKC (130 kt)	Suezmax	72.50	85.00	-12.50 ▼
AG/East (80 kt)	Aframax	118.50	130.00	-11.50 ▼
Indo/Japan (80 kt)	Aframax	106.00	115.00	-9.00 ▼

Asian Suezmax rates slid further over the past week, down by w6.5 points w-o-w to w83.5 for the key AG/East route. Oversupply in the AG region as well as lower Iraqi crude exports in an effort to comply with OPEC production cuts have contributed to the decline in rates. The WAF Suezmax market remained weak on the back of lower cargo demand. With many second decade February loading cargoes fixed on VLCCs, few cargoes were available for Suezmaxes.

The East of Suez Aframax market remained bleak due to ample availability of tonnage and a dearth of fresh cargoes. Rates for the AG/East route plunged by w11.5 points from last week while rates for the Indo/Japan route fell by w9 points. A muted Med market, more ballasters arriving from Singapore as well as a handful of LR2s switching to DPP will keep a lid on rates.

MR/LR

SPOT MR / LR RATES			
\$/T	2 FEB	26 JAN	W-O-W CHANGE
AG/Japan (75 kt) 🗣️	11.37	11.73	-0.36 ▼
AG/Japan (55 kt) 🗣️	15.77	16.50	-0.73 ▼
AG/Japan (35 kt) 🗣️	23.03	23.58	-0.55 ▼

Sentiment in the Asian LR tanker market remains soft due to a lack of activity as well as lengthy tonnage list. LR2 and LR1 rates for the key AG/Japan route slipped by \$0.36/T and \$0.73/T from last week respectively. Similarly, the MR market in the East of Suez has been quiet amidst increasing competition from LR1s in the AG region.

BUNKERS

BUNKER PRICES			
\$/T	2 FEB	26 JAN	W-O-W CHANGE
Singapore 380 cst	324.00	330.50	-6.50 ▼
Singapore 180 cst	348.00	354.00	-6.00 ▼
Singapore MGO	501.50	498.50	3.00 ▲
Singapore Ex-Wharf Premium 380 cst	2.40	4.04	-1.64 ▼

Bunker prices in Singapore continued falling over the week, with 380cst and 180cst fuel prices down by \$6.50/T and \$6/T respectively despite an uptick in crude prices. Aggressive supplier offers pushed down Singapore ex-wharf premiums from \$4.04/T last week to \$2.40/T.