



CRUDE

CRUDE PRICES				
\$/BBL		24 MAR	16 MAR	W-O-W CHANGE
ICE Brent		50.56	51.74	-1.18 ▼
Dubai		48.85	50.12	-1.27 ▼

Crude prices slid further over the week as news of US crude stockpiles hitting a record high emerged. EIA data reported that crude inventories expanded by 5 mmb to touch a staggering 533.1 mmb, shedding doubt over the effectiveness of OPEC’s production cuts. ICE Brent front-month futures fell by \$1.18/bbl w-o-w while Dubai swaps were down by \$1.27/ bbl.

PRODUCTS

Asian naphtha cracks dipped from the week before but remained supported by spot purchases from petchem users in South Korea, Japan and China. Spot demand from South Korea has been robust due to upcoming refinery maintenance at GS Caltex’s Yeosu refinery as well as Hanwha Total’s Daesan condensate splitter over Q2, which will tighten domestic naphtha supplies.

Asia’s gasoline crack surged w-o-w, in line with firm sentiment in the US and Europe. Light distillate inventories saw massive draws in all three key regions - Singapore (-847 kb as reported by IE Singapore), the ARA region (-2.45 mmb as reported by PJK International) and the US (-2.8 mmb as reported by the EIA).

The gasoil market in Asia remains oversupplied as official data showed a 368 kb stockbuild in Singapore onshore middle distillate stocks, bringing the total to its highest in 5 weeks at 13.2 mmb. Chinese diesel exports in February saw a resurgence at 354 kb/d, up by 52% m-o-m and 73% y-o-y. Asian fuel oil cracks were relatively flat from the week before, with Singapore onshore inventories unchanged but persistently high at 27.1 mmb.

Mirroring the fall in crude prices, Singapore 380cst and 180cst bunker prices were down by \$7.50/T and \$9.00/T respectively w-o-w. Ex-wharf premiums were up by \$0.28/T from last week due to stronger buying interest.

VLCC

SPOT VLCC RATES				
WS (2017 basis)		24 MAR	16 MAR	W-O-W CHANGE
AG/Japan (265 kt)		50.00	55.00	-5.00 ▼
AG/Singapore (270 kt)		50.00	57.00	-7.00 ▼
AG/USGC (280 kt)		25.00	28.00	-3.00 ▼
WAF/Far East (260 kt)		53.50	62.50	-9.00 ▼

The East of Suez VLCC spot market remained depressed, with rates for the key AG/Japan route down by w5 points on the week to w50 despite steady fixing activity for 1st decade April cargoes. Unusually heavy refining maintenance as well as OPEC production cuts have taken a toll on cargo demand. Ample tonnage is likely to continue weighing heavily on rates as charterers have their pick of older vessels, newbuilds and modern tonnage to choose from. According to Lloyd’s List, 30 newbuild VLCCs are expected to be delivered over Q1.

Rates for the key WAF/East route were dragged down by w9 points w-o-w due to the feeble AG market. Buying interest for Angola’s April export program has been fairly muted compared to March, where cargoes were sold out within less than 10 days after their release. As such, we don’t expect WAF VLCC rates to recover anytime soon.

SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS (2017 basis)	VESSEL	24 MAR	16 MAR	W-O-W CHANGE
AG/East (130 kt)	Suezmax	90.00	95.00	-5.00 ▼
WAF/UKC (130 kt)	Suezmax	90.00	90.00	0.00 ●
AG/East (80 kt)	Aframax	120.00	130.00	-10.00 ▼
Indo/Japan (80 kt)	Aframax	115.00	140.00	-25.00 ▼

Suezmax rates for the benchmark AG/East route reversed last week’s gains, down by w5 points w-o-w to w90. A slowdown in cargo flows as well as tonnage oversupply led to the fall in rates. WAF Suezmax rates held steady over the week, with TD20 flat at w90. The market was balanced due to limited tonnage for 1st decade April and softened cargo demand.

The rally in the Asian Aframax market failed to sustain itself as the pace of fixing activity eased. Rates for an AG/East run declined by w10 points w-o-w while rates for the Indo/Japan route plummeted by 25 points on the week. The lengthy position list in Singapore contributed to the plunge in rates. Tonnage was quickly replenished from last week as many vessels were previously taken on short-haul voyages. With a few ships ballasting to the AG region, the earnings disparity between the two regions has finally narrowed significantly.

MR/LR

SPOT MR / LR RATES				
\$/T		24 MAR	16 MAR	W-O-W CHANGE
AG/Japan (75 kt) 🌀		16.14	16.14	0.00 ●
AG/Japan (55 kt) 🌀		19.07	20.17	-1.10 ▼
AG/Japan (35 kt) 🌀		20.17	20.17	0.00 ●

The Asian LR2 market was stable w-o-w, with rates for the key AG/Japan route holding at \$16.14/T for the second consecutive week. The market is balanced with lower cargo enquiries and tighter ship availability up to 2nd decade April. LR1 rates for the benchmark AG/Japan route dipped by \$1.10/T to \$19.07/T as ship supply remains healthy despite steady cargo flows. With a few prompt cargoes outstanding, there is potential for LR1 rates to edge up.

MR rates for the AG/Japan route were flat w-o-w while rates for the South Korea/Singapore route basis 40 kt gained another \$15,000 to \$375,000 due to increased loadings out of South Korea.