MJLF & ASSOCIATES

March 24th, 2017

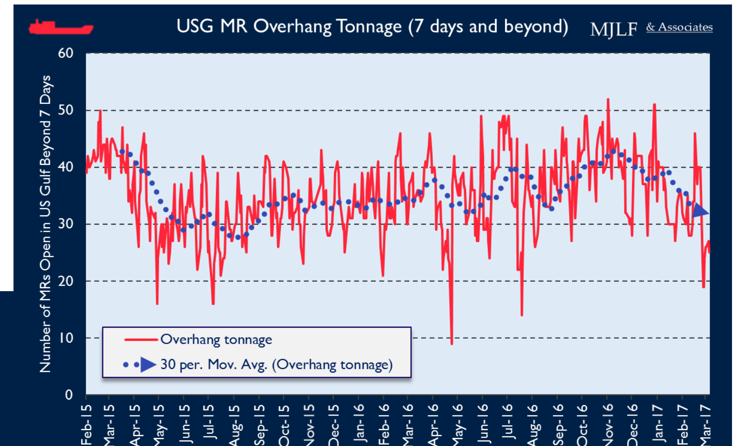
Morning Brief

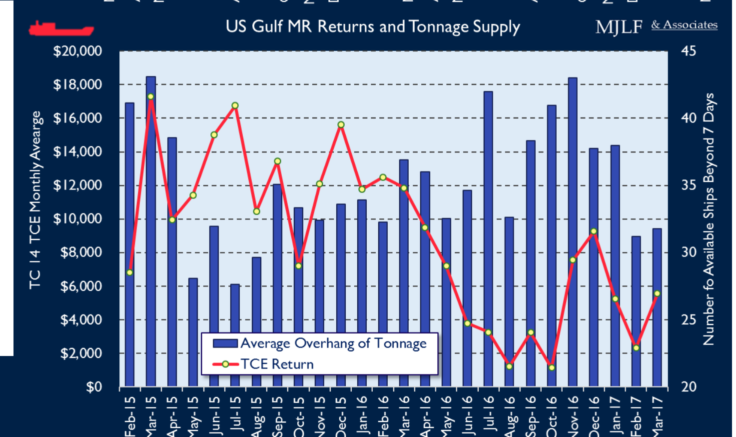
Another modest bump upwards for crude at the start of the day, but WTI is below yesterdays open, while Brent is just a tick above. The WTI/Brent spread is approaching $3/b, which could swing wider if the rig count data released today at 1300 shows another swing upwards.

@ 0706 EST	$/b	Change From Close
WTI(1st m)	$47.93	$0.23
Dated Brent	$50.28	$0.35
WTI/Brent	($2.84)	$0.04
HO-GO	$0.05	($0.02)
Brent/Dubai	$1.64	$0.01

Comments

Source: MJLF





The number of clean MR tankers available outside the immediate seven day fixing window has been trending downwards in the US Gulf. A lower overhang of tonnage through 2015 led to stronger rates as fewer ships were available to replenish lists as time progressed. Since the MR fleet has increased modestly in size, the drawdown in available ships could reflect several things: increase in ton mile usage of MRs, an increase in delays, or perhaps more likely, ships positioning out of the region. The weak TCE returns in the US Gulf until recently have encouraged many owners to ballast away from the region. However, most of these ships return to Europe, and we are seeing a rate surge in Europe and the US. This suggests that cargo activity has increased on both sides of the Atlantic, and that is leading to greater utilisation of clean tankers overall. Returns in eastern markets are unlikely to have affected the tonnage balance of MRs between the Atlantic and Pacific as rates in the far east have been weaker than in the Atlantic. This suggests the current bull run in MR rates could have legs.

MJLF & ASSOCIATES
CHARTERING SHIP SALES PROJECT DEVELOPMENT CONSULTING

300 First Stamford Place, Stamford, CT 06902
Tel: +1-203-326-2800 Fax: +1-203-977-2164
mjlfgrp@mjlf.com

MJLF Research: Court Smith
csmith@mjlf.com
ICE M: csmith30 +1-203-326-2831