



CRUDE

CRUDE PRICES				
\$/BBL		30 MAR	24 MAR	W-O-W CHANGE
ICE Brent		52.96	50.56	2.40 ▲
Dubai		50.99	48.85	2.14 ▲

Crude prices rebounded w-o-w as an extension of the OPEC supply cuts seems likely while rising tensions in Libya lowered crude output by 140 kb/d. While EIA data showed that US crude inventories grew by 867 kb on the week to hit almost 534 mmb, large draws in product stockpiles alleviated the bearish impact. ICE Brent front-month futures grew by \$2.40/bbl w-o-w while Dubai swaps were up by \$2.14/bbl.

PRODUCTS

Asian naphtha cracks surged on the week due to firm spot demand as well as strength in the gasoline market. Refiners have purchased at least 615 kt of spot naphtha for 1H May delivery so far, around 8% higher than that of 1H April. With heavy refinery maintenance in Q2 expected to lower domestic supplies, South Korean and Japanese buyers have turned to the spot market to meet the shortfall.

Asia's gasoline crack hit its highest point in more than a month as bullish sentiment in the West prevailed. As reported by EIA data, US gasoline inventories saw a sharp drop of 3 mmb w-o-w. The continued outage of ADNOC's 127 kb/d Ruwais RFCC unit has led to increased gasoline demand from ADNOC, lending support to cracks.

Gasoil cracks in Asia edged up w-o-w as official data showed a 614 kb stockdraw in Singapore onshore middle distillate stocks, bringing the total to its lowest in 5 weeks at 12.5 mmb. Asian fuel oil cracks dipped from the week before due to strengthening crude prices. Onshore fuel oil inventories in Singapore fell by 6% w-o-w to 25.5 mmb.

In line with the uptick in crude prices, Singapore 380cst and 180cst bunker prices recovered their losses from last week by \$7.00/T and \$6.00/T respectively w-o-w. Ex-wharf premiums fell by \$0.75/T w-o-w as buying interest was muted.

VLCC

SPOT VLCC RATES				
WS (2017 basis)		30 MAR	24 MAR	W-O-W CHANGE
AG/Japan (265 kt)		46.00	50.00	-4.00 ▼
AG/Singapore (270 kt)		46.00	50.00	-4.00 ▼
AG/USGC (280 kt)		25.00	25.00	0.00 ●
WAF/Far East (260 kt)		55.00	53.50	1.50 ▲

Asian VLCC rates saw further erosion with few spot fixtures concluded. Rates for the benchmark AG/Japan route dropped by w4 points on the week to w46 as excess tonnage continues to plague the market. While the fundamentals dictate a further fall in rates, owner resistance may delay more downward correction for now.

In contrast, the WAF VLCC market firmed slightly on the back of a heavier third decade program and increased activity in the wider Atlantic Basin. Owners managed to obtain a premium of w1.5 points w-o-w for the WAF/Far East route. Angola's overall crude loading program is expected to fall by 4.7% m-o-m to 1.61 mmb/d in May as reported by Reuters. Subdued Asian demand for heavy Angolan crudes is likely to weigh on WAF VLCC rates.

SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS (2017 basis)	VESSEL	30 MAR	24 MAR	W-O-W CHANGE
AG/East (130 kt)	Suezmax	82.50	90.00	-7.50 ▼
WAF/UKC (130 kt)	Suezmax	87.50	90.00	-2.50 ▼
AG/East (80 kt)	Aframax	115.00	120.00	-5.00 ▼
Indo/Japan (80 kt)	Aframax	107.50	115.00	-7.50 ▼

The Asian Suezmax market saw a quiet week as rates softened further. Rates for the key AG/East route down by w7.5 points w-o-w to w82.5 due to a dearth of cargoes. Suezmaxes in the AG are facing stiff competition from the weaker VLCC segment as it is around \$5.35/T cheaper to load cargoes on VLCCs. Likewise, Suezmax rates for TD20 inched down by w2.50 points over the week as tonnage continued to outpace demand amidst low enquiry.

Aframax rates in the East of Suez continued sliding downwards on the back of subdued activity. Rates for an AG/East run edged down by w5 points w-o-w while rates for the Indo/Japan route fell by w7.5 points on the week. While the earnings disparity between the two regions shrank from last week, owners remained unwilling to ballast to the AG. The pile-up of prompt tonnage in Singapore is expected to continue to weigh on rates.

MR/LR

SPOT MR / LR RATES				
\$/T		30 MAR	24 MAR	W-O-W CHANGE
AG/Japan (75 kt) 🗣️		16.14	16.14	0.00 ●
AG/Japan (55 kt) 🗣️		19.44	19.07	0.37 ▲
AG/Japan (35 kt) 🗣️		20.54	20.17	0.37 ▲

The Asian LR2 market was steady for the third consecutive week as rates for the key AG/Japan route held at \$16.14/T. A lack of fresh enquiry has continued to balance out the healthy position list. LR1 rates for the AG/Japan route inched up by \$0.37/T to \$19.44/T with a handful of 1st decade cargoes still uncovered. Charterers will be looking to barrel up when possible due to the significant gap between LR1 and LR2 rates, which will keep a lid on LR1 rates.

MR rates for the AG/Japan route gained \$0.37/T w-o-w while rates for the South Korea/Singapore route basis 40 kt have begun to falter as tonnage builds up in the North, down by \$25,000 on the week to \$350,000.