



CRUDE

CRUDE PRICES				
\$/BBL		4 MAY	27 APR	W-O-W CHANGE
ICE Brent		48.34	51.44	-3.10 ▼
Dubai		49.75	50.26	-0.51 ▼

Crude flat prices collapsed on Thursday, hitting a five-month low and sinking past \$50/bbl for the first time since the OPEC-led production cuts took effect on January 1 this year. ICE Brent front-month futures plunged by \$3.10/bbl w-o-w while Dubai swaps inched down by \$0.51/bbl. Doubts over the effectiveness of the OPEC production cuts as well as stubbornly high global crude inventories led to the market crash. Once again, EIA data indicating a fourth consecutive weekly stockdraw in US crude inventories was offset by a build in gasoline stocks.

PRODUCTS

Naphtha cracks in Asia tumbled w-o-w, dragged down by the weak gasoline market as well as slackened North Asian end-user demand during the Golden Week holidays. Expectations of higher arb volumes from the West in June weighed on cracks as well.

Asian gasoline cracks plummeted to a 7-week low on the back of growing US inventories and overall soft US gasoline market. As reported by EIA data, US gasoline stocks grew by 191 kb over the week to 241 mmb.

Diesel cracks in Asia were down on the week despite healthy regional demand for higher sulfur grades. While onshore middle distillate inventories in Singapore fell by 3.6% w-o-w to 11.7 mmb, they remain 30% above year-ago levels. A persistently positive gasoil EFS has kept the East-West arb shut for months, leading to increased flows from the Middle East and India to Singapore.

Asian fuel oil cracks edged up w-o-w, tracking the drop in crude prices. Prompt-month timespreads grew from last week while the front-month visco spread jumped to a 21-month high due to a lack of cutterstock as reported by Platts. Bunker demand in Singapore remained robust as ex-wharf premiums were up by \$0.36/T w-o-w.

VLCC

SPOT VLCC RATES				
WS (2017 basis)		4 MAY	27 APR	W-O-W CHANGE
AG/Japan (265 kt)		61.50	64.00	-2.50 ▼
AG/Singapore (270 kt)		62.00	65.00	-3.00 ▼
AG/USGC (280 kt)		32.50	35.00	-2.50 ▼
WAF/Far East (260 kt)		63.50	67.50	-4.00 ▼

The Asian VLCC market saw further downward correction w-o-w as charterers turned to an abundance of older and ex-dry dock vessels for their requirements. As such, rates for the key AG/Japan route fell by w2.5 points on the week to w61.5. However, rates saw a slight pick-up towards the end of the week as discounted tonnage managed to hold at around w55 levels despite the S-Oil fixture which was done at w52.75, above the psychological barrier of w50 for now. This gave owners with modern tonnage the boost of confidence needed to put up a stiff resistance.

Rates for the key WAF/East route edged down by w4 points w-o-w to w63.5, but likewise saw an uptick towards the end of the week due to the opening of the ARA/East fuel oil arb as well as the stronger AG market. Rates for a Rotterdam/Singapore run held firm at \$3.75 million on the week on the back of increased demand to move fuel oil East.

SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS (2017 basis)	VESSEL	4 MAY	27 APR	W-O-W CHANGE
AG/East (130 kt)	Suezmax	85.00	86.00	-1.00 ▼
WAF/UKC (130 kt)	Suezmax	75.00	90.00	-15.00 ▼
AG/East (80 kt)	Aframax	112.50	117.50	-5.00 ▼
Indo/Japan (80 kt)	Aframax	102.50	102.50	0.00 ●

Asian Suezmax rates edged down over the week despite some activity, pressured by the weakness in the VLCC sector as well as WAF market. Rates for the key AG/East route inched down by w1 point w-o-w to w85. Suezmaxes trading in the AG continue to face increasing competition from their larger cousins as PTT sized up, replacing the 158,525 dwt Nordic Cross with the 306,344 dwt Maran Castor for an AG/Thailand voyage loading 15 May.

Suezmax rates in WAF saw a downward spiral this week on the back of ample prompt tonnage and lower third decade loading cargo volumes. Rates for TD20 plunged by w15 points w-o-w to w75.

Sentiment in the Asian Aframax market remained weak as rates for an AG/East run slid by w5 points on the week while rates for an Indo/Japan voyage held steady at w102.5. Tonnage outpaced demand in the AG due to the increase in ballasters from Asia, while a dearth of activity in Asia weighed on rates in the region.

MR/LR

SPOT MR / LR RATES				
\$/T		4 MAY	27 APR	W-O-W CHANGE
AG/Japan (75 kt) 🗣️		14.67	12.47	2.20 ▲
AG/Japan (55 kt) 🗣️		16.50	14.67	1.83 ▲
AG/Japan (35 kt) 🗣️		19.07	19.07	0.00 ●

As expected, LR rates in Asia have picked up on the back of an influx of 1H May loading naphtha cargoes. LR2 and LR1 rates for the key AG/Japan route grew by \$2.20/T and \$1.83/T w-o-w respectively as charterers scramble to cover outstanding cargoes amidst a shorter position list. There is potential for rates to firm further as we move into the third-decade May fixing window with a few second-decade cargoes remaining.

MR rates for the AG/Japan route held steady at \$19.07/T on the week while rates for the South Korea/Singapore route basis 40 kt recovered by \$10,000 w-o-w due to higher cargo demand in North Asia. As refinery maintenance in key exporters South Korea and China begins to ease over the rest of Q2, we may see a further increase in activity.