



CRUDE

CRUDE PRICES				
\$/BBL		11 MAY	4 MAY	W-O-W CHANGE
ICE Brent		50.77	48.34	2.43 ▲
Dubai		49.64	49.75	2.04 ▲

Crude flat prices rebounded this week on the back of market optimism regarding the massive stockdraw in US crude inventories as well as expectations of an extension of the OPEC production cuts. ICE Brent front-month futures rose by \$2.43/bbl from last week while Dubai swaps grew by \$2.04/bbl. EIA data reported a 5.3 mmb drop w-o-w in US crude stockpiles, the largest drawdown seen this year as well as a fall in refined product stocks.

PRODUCTS

Asian naphtha cracks edged up on the week, in line with the firm gasoline market and higher spot demand as buyers returned to the market after the Golden Week holidays. Gasoline cracks in Asia rebounded this week, supported by stockdraws in global light distillate inventories as well as a rally in the NYMEX RBOB futures market. According to EIA data, US gasoline stocks dipped by 150 kb over the week while IE Singapore data indicated that onshore Singapore light distillate stockpiles plunged by 8.4% w-o-w to 12.2 mmb, the lowest seen in more than 4 months.

Gasoil cracks in Asia grew w-o-w on the back of robust spot demand from Indonesia and India. Onshore middle distillate inventories in Singapore fell by 1.7% w-o-w to 11.5 mmb due to lower regional imports.

Asian fuel oil cracks inched up from last week, buoyed by a sharp draw in Singapore inventories. Onshore fuel oil stocks dropped by 15% w-o-w to 19.6 mmb, hitting a four-month low. Bunker demand in Singapore held firm as ex-wharf premiums jumped by \$0.96/T w-o-w.

VLCC

SPOT VLCC RATES				
WS (2017 basis)		11 MAY	4 MAY	W-O-W CHANGE
AG/Japan (265 kt)		62.00	61.50	0.50 ▲
AG/Singapore (270 kt)		62.50	62.00	0.50 ▲
AG/USGC (280 kt)		31.00	32.50	-1.50 ▼
WAF/Far East (260 kt)		60.00	63.50	-3.50 ▼

VLCC rates in the East of Suez managed to hold up despite a fairly subdued market seen this week. Rates for the benchmark AG/Japan voyage crept up by w0.5 point w-o-w as charterers covered remaining third decade loading cargoes. Reports of Saudi Aramco planning to cut crude exports to Asia by 7 mmb in June by Reuters are expected to weigh on cargo volumes ex-AG. Rates for the key WAF/East route fell by w3.5 points on the week to w60, in line with the weakness in the Atlantic Basin as fewer ex-Americas fixtures were seen.

SUEZMAX/AFRAMAX

SPOT SUEZMAX/AFRAMAX RATES				
WS (2017 basis)	VESSEL	11 MAY	4 MAY	W-O-W CHANGE
AG/East (130 kt)	Suezmax	80.00	85.00	-5.00 ▼
WAF/UKC (130 kt)	Suezmax	72.50	75.00	-2.50 ▼
AG/East (80 kt)	Aframax	110.00	112.50	-2.50 ▼
Indo/Japan (80 kt)	Aframax	100.00	102.50	-2.50 ▼

Lackluster activity took a toll on Suezmaxes trading in Asia this week as tonnage continued to build up. Rates for the key AG/East route fell by w5 points on the week to w80, in line with the weakness in WAF. According to Platts data, Iranian crude exports to Asia in April declined by 22% m-o-m to 1.36 mmb/d, accounting for lower cargo volumes.

The Suezmax market in WAF saw further downward correction over the week, with rates for TD20 down by w2.5 w-o-w to w72.5. This was largely due to low cargo enquiry as third decade loading cargoes remained sparse. With Shell expected to restart the Forcados pipeline by the end of the week, an increase in Nigerian crude exports could lend some much-needed support to Suezmax rates in WAF. The Forcados crude stream accounts for more than 200 kb/d of loadings, the bulk of which moves to Europe.

The Asian Aframax market continued to soften this week as rates for both AG/East and Indo/Japan voyages dipped by w2.5 points amidst a lengthy list of ships. With 80@100 fixed for an Indo/North Asia voyage and 80@102.5 concluded for an Indo/Australia voyage, Australia-bound runs have all but lost their previously significant premium. While volumes ex-Kozmino remain fairly steady for now, the June loading program for ESPO crude is expected to fall by around 17% m-o-m to 2.4 mmt.

MR/LR

SPOT MR / LR RATES				
\$/T		11 MAY	4 MAY	W-O-W CHANGE
AG/Japan (75 kt) 🌀🌀		16.14	14.67	1.47 ▲
AG/Japan (55 kt) 🌀		17.16	16.50	0.66 ▲
AG/Japan (35 kt) 🌀		17.90	19.07	-1.17 ▼

Owners in the Asian LR2 market gained momentum from last week and managed to push rates up as TC1 rates firmed by \$1.47/T w-o-w. Sentiment in the LR2 market was bullish due to tighter prompt tonnage and a handful of uncovered third decade cargoes. TC5 rates gained by \$0.66/T on the week, supported by the strength in the LR2 market. Healthy ship availability for the LR1 segment is expected to keep a lid on further growth in rates.

In contrast, MR rates for the AG/Japan route slipped by \$1.17/T from last week as a sluggish Singapore market led to an increase in vessels ballasting over to the AG and WCI.