

# Weekly Report

15 SEP 2017 | WEEK 37

## CRUDE PRICES

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\$/BBL		14 SEP	7 SEP	W-O-W CHANGE
ICE Brent		55.47	54.49	0.98 ▲
Dubai		53.57	53.20	0.37 ▲

## CRUDE

Crude flat prices gained on the week, with ICE Brent front-month futures hitting a 5-month high. Market sentiment is bullish on the back of a weak US dollar as well as the backwardated structure in Brent futures. Bullish demand forecasts from the IEA and OPEC contributed to the optimism in the market. ICE Brent front-month futures rose by \$0.98/bbl on the week while Dubai swaps grew by \$0.37/T.

## PRODUCTS

Asian naphtha cracks eased from last week on the growth in Brent crude prices but remain around 18% higher than the daily average in August. Higher LPG prices has boosted demand for naphtha as a petchem feedstock. Similarly, gasoline cracks in Asia dipped on the back of robust Brent crude prices despite large stockdraws in key regions. According to IE Singapore data, onshore Singapore light distillate stockpiles fell by around 4% w-o-w while EIA data indicated that US gasoline inventories dropped by 3.7% on the week.

Asian gasoil cracks dipped on the week but remain relatively firm as Winson Oil and Unipet's buying spree continued. Winson Oil has chartered at least four LR2s and one VLCC for gasoil storage while Unipet has chartered a newbuild VLCC, Coshonour Lake, with storage options. Fuel oil cracks in Asia held steady from last week as the strength in crude prices balanced out the steep fall in Singapore inventories. Onshore inventories in Singapore dropped to its lowest in 6 weeks, down by 11% w-o-w to 3.5 mmt.

## SPOT VLCC RATES

WS (2017 basis)		14 SEP	7 SEP	W-O-W CHANGE
AG/Japan (265 kt)		40.00	41.00	-1.00 ▼
AG/Singapore (270 kt)		41.50	43.00	-1.50 ▼
AG/USGC (280 kt)		20.00	21.00	-1.00 ▼
WAF/Far East (260 kt)		47.00	49.00	-2.00 ▼

## VLCC

In contrast with last week, the Asian VLCC market saw slow fixing activity with the bulk of the September program already covered. Rates for the key AG/Japan route inched down by w1 point w-o-w as the market awaits the release of October stems. Owners have turned to slow steaming to further delay vessel arrivals. Ballasters from the Far East have added to vessel supply in the Atlantic considerably, adding downwards pressure to rates in WAF. In line with the weak AG market, rates for the key WAF/East route fell by w2 points on the week.

## SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	14 SEP	7 SEP	W-O-W CHANGE
AG/East (130 kt)	Suezmax	70.00	67.50	2.50 ▲
WAF/UKC (130 kt)	Suezmax	72.50	72.50	0.00 ●
AG/East (80 kt)	Aframax	95.00	92.50	2.50 ▲
Indo/Japan (80 kt)	Aframax	97.50	87.50	10.00 ▲

## SUEZMAX/AFRAMAX

Asian Suezmax rates grew by w2.5 points w-o-w or an AG/East voyage despite a lack of fresh activity. Owner sentiment is fairly bullish on expectations of higher AG/West activity after October stems are released. The WAF Suezmax market eased from last week as the majority of third-decade September cargoes has been fixed, leaving behind a lengthy position list. Rates for TD20 peaked at w75 this week before settling at w72.5.

The Asian Aframax market saw an uptick this week, supported by stiff owner resistance. Charterers are having a tough time covering long-haul cargoes such as Indo-Aus due to owners' reluctance to lock in earnings at current levels. As such, rates edged up by w2.5 points for the AG/East route and jumped by w10 points for an Indo/Japan trip.

## SPOT MR / LR RATES

WS (2017 basis)	14 SEP	7 SEP	W-O-W CHANGE
AG/Japan (75 kt)	115.00	107.50	7.50 ▲
AG/Japan (55 kt)	145.00	130.00	15.00 ▲
AG/Japan (35 kt)	165.00	155.00	10.00 ▲

## MR / LR

The Asian LR market continued to build on last week's momentum, with TC1 and TC5 rates surging by w7.5 and w15 points w-o-w respectively as outstanding third-decade cargoes remain. Around two LR2 and less than ten LR1 vessels are available for loading in the AG over the next week, which is indicative of the tight vessel supply. Some charterers have opted to barrel up for their MR stems due to a lack of available ships, turning to LR1s in North Asia. As for the LR2s, at least 4 vessels were taken by Winson Oil for short-term charters ranging from 30 to 90 days to store gasoil this week, boosting market sentiment.

Buoyed by the strength in the LR market as well as tight tonnage in the North, Asian MR rates continued firming this week. Rates for the key AG/Japan route surged by w10 points on the week while rates for a South Korea/Singapore run basis 40 kt jumped by \$40,000 on the week to \$420,000.

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