



# Weekly Report

22 SEP 2017 | WEEK 38

## CRUDE PRICES

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\$/BBL		22 SEP	14 SEP	W-O-W CHANGE
ICE Brent		56.43	55.47	0.96 ▲
Dubai		54.65	53.57	1.08 ▲

## CRUDE

Crude flat prices continued their rally as investors shrugged off news of growing US crude production (up by 9.3% w-o-w), focusing on OPEC's Vienna meeting on Friday to discuss a potential extension of the ongoing production cuts. ICE Brent front-month futures grew by \$0.96/bbl on the week while Dubai swaps increased by \$1.08/bbl.

## PRODUCTS

Naphtha cracks in Asia gained on the week on elevated demand for 1H November cargoes in the spot market. High LPG as well as butadiene prices have driven petchem end-users to stockpile naphtha due to expectations of higher prices in the future.

Asian gasoline cracks continued declining from last week, weighed down by stockbuilds in Singapore as well as lower demand from the US/Latin America. IE Singapore data indicated that onshore light distillate inventories expanded by around 2.4% on the week to 11.6 mmb.

Gasoil cracks in Asia inched down w-o-w as Winson Oil and Unipet's buying spree started to ease. Spot demand from Sri Lanka, Kenya and Vietnam remained firm. Asian fuel oil cracks slipped on the week due to higher crude prices as well as a stockbuild in Singapore. IE Singapore data indicated that onshore inventories grew by 5% from the week before.

## SPOT VLCC RATES

WS (2017 basis)		22 SEP	14 SEP	W-O-W CHANGE
AG/Japan (265 kt)		42.50	40.00	2.50 ▲
AG/Singapore (270 kt)		44.00	41.50	2.50 ▲
AG/USGC (280 kt)		22.00	20.00	2.00 ▲
WAF/Far East (260 kt)		50.00	47.00	3.00 ▲

## VLCC

An injection of fresh cargoes with the release of October stems coupled with stiff owner resistance pushed up VLCC rates in Asia. Rates for the key AG/Japan route saw a slight bump at the end of the week, up by w2.5 points w-o-w. Ample prompt tonnage (including handicapped vessels) is expected to keep a lid on any further growth in VLCC rates.

A jump in Caribs/East activity helped to clear out some of the excess tonnage ballasting over to the Atlantic from the AG and Asia, lending support to WAF rates. As such, rates for the key WAF/East route edged up by w3 points from last week. A wide WTI-Brent spread is expected to continue driving increased cargo flows from the Americas to Asia.

## SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	22 SEP	14 SEP	W-O-W CHANGE
AG/East (130 kt)	Suezmax	75.00	70.00	5.00 ▲
WAF/UKC (130 kt)	Suezmax	67.50	72.50	-5.00 ▼
AG/East (80 kt)	Aframax	107.50	95.00	12.50 ▲
Indo/Japan (80 kt)	Aframax	135.00	97.50	37.50 ▲

## SUEZMAX/AFRAMAX

Asian Suezmax rates grew by w5 points w-o-w for an AG/East trip as charterers began working October Basrah and Kharg cargoes, buoyed by firmer markets across other crude tanker segments. WAF Suezmax rates continued falling on the back of limited activity and ample vessel supply, down by w5 points from last week.

The Asian Aframax market saw much exuberance as rates surged by a whopping w37.5 points for the Indo/Japan route and w12.5 points for an AG/East voyage. An influx of prompt loading long haul cargoes left charterers scrambling amidst a tight position list in the Indo/Singapore region. Weather delays in North Asia as a result of Typhoon Talim and subsequent replacement jobs contributed to firm market sentiment. While activity in the AG was lackluster, a lack of ballasters and consequently modern tonnage in the region pulled up rates.

## SPOT LR / MR RATES

WS (2017 basis)	22 SEP	14 SEP	W-O-W CHANGE
AG/Japan (75 kt)	125.00	115.00	10.00 ▲
AG/Japan (55 kt)	145.00	145.00	0.00 ●
AG/Japan (35 kt)	175.00	165.00	10.00 ▲

## MR / LR

Sentiment in the Asian LR market remained bullish as TC1 rates gained further by w10 points w-o-w and TC5 rates held firm at w145. Tonnage remains fairly tight until 1H October with many vessels taken on long-haul trips, while cargo flows are steady. LR1s have turned to poaching MR cargoes in the AG due to the rally in the MR segment.

On the MRs, rates for the key AG/Japan route strengthened by w10 points from last week due to surging demand for shipments to East Africa. Up in North Asia, rates for a South Korea/Singapore run basis 40 kt rose by \$55,000 w-o-w to \$475,000 as charterers struggled to cover third decade cargoes amidst low vessel availability.

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