



Weekly Report

29 SEP 2017 | WEEK 39

CRUDE PRICES

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\$/BBL		29 SEP	22 SEP	W-O-W CHANGE
ICE Brent		57.41	56.43	0.98 ▲
Dubai		55.55	54.65	0.90 ▲

CRUDE

Crude flat prices hit a two-year high at the start of the week, fueled by Turkey's threat to cut Kurdish crude exports as well as a bullish demand outlook. The strength in Brent crude prices have been supported by lower Forties production due to planned seasonal maintenance over August and September, firm demand from European refiners post-Harvey as well as high OPEC compliance with production cuts. ICE Brent front-month futures jumped by \$0.98/bbl w-o-w while Dubai swaps edged up by \$0.90/bbl on the week.

PRODUCTS

Asian naphtha cracks grew from last week as buyers from China and South Korea scrambled to cover their requirements for 1H November ahead of the Golden Week holidays. Gasoline cracks in Asia eased on the week as higher crude prices as well as a stockbuild in the US outweighed the draw in Singapore inventories. EIA data indicated that gasoline stockpiles in the US grew by 1.1 mmb over the week to 217.3 mmb after three consecutive weeks of decline.

Asian diesel cracks jumped w-o-w on the back of a string of purchases by Hin Leong as well as large stockdraw in Singapore. IE Singapore data indicated that onshore inventories plunged by 6% from the week before to 10.5 mmb, the lowest in 3 months. Fuel oil cracks in Asia declined over the week, reflecting the strength in crude prices. Front-month 380-cst timespreads strengthened on expectations of lower supplies from the West, up by \$0.25/T w-o-w.

SPOT VLCC RATES

WS (2017 basis)		29 SEP	22 SEP	W-O-W CHANGE
AG/Japan (265 kt)		53.00	42.50	10.50 ▲
AG/Singapore (270 kt)		55.00	44.00	11.00 ▲
AG/USGC (280 kt)		23.00	22.00	1.00 ▲
WAF/Far East (260 kt)		60.00	50.00	10.00 ▲

VLCC

Asian VLCC rates were boosted by bullish owner sentiment, firm activity and a tighter position list in the AG this week. Rates for the key AG/Japan route jumped by w10.5 points w-o-w as charterers in China and South Korea rushed to cover their requirements before Golden Week holidays. Increased activity ex-Caribs/USGC drew ballasters over from Asia/Ag as well, helping to shorten the position list. As such, the number of prompt and open VLCCs in the AG has fallen by 16% w-o-w. Next week will see owners struggling to hold onto gains with China and South Korea off on holiday.

Similarly, busy activity in the Atlantic Basin buoyed the WAF VLCC market. Rates for the key WAF/East route climbed by w10 points from last week on the back of robust third decade cargo demand.

SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	29 SEP	22 SEP	W-O-W CHANGE
AG/East (130 kt)	Suezmax	77.50	75.00	2.50 ▲
WAF/UKC (130 kt)	Suezmax	80.00	67.50	12.50 ▲
AG/East (80 kt)	Aframax	110.00	107.50	2.50 ▲
Indo/Japan (80 kt)	Aframax	130.00	135.00	-5.00 ▼

SUEZMAX/AFRAMAX

In line with the strength in other crude tanker segments as well as WAF market, Asian Suezmax rates grew by w2.5 points on the week on the back of steady fixing activity. A couple of Aframax cargoes were picked up by Suezmax owners due to the earlier spike in Aframax rates. The WAF Suezmax market saw an influx of fresh cargoes for second decade October. Firm demand from the USGC to move cargoes East drew ballasters over, thinning the list of prompt tonnage in WAF. As such, rates for TD20 surged by w12.5 points w-o-w to w80.

Aframax rates in the Indo/Singapore region saw some downward correction from last week's spike, falling by w5 points on the back of an ease in activity during APPEC week. While Aframaxes in the AG faced a lack of fresh inquiry as well, rates for an AG/East trip edged up by w2.5 points on the week due to tight availability of modern vessels.

SPOT LR / MR RATES

WS (2017 basis)	29 SEP	22 SEP	W-O-W CHANGE
AG/Japan (75 kt)	145.00	125.00	20.00 ▲
AG/Japan (55 kt)	152.50	145.00	7.50 ▲
AG/Japan (35 kt)	175.00	175.00	0.00 ●

LR / MR

The Asian LR market has gone from strength to strength this week, with TC1 and TC5 rates surging by w20 points and w7.5 points w-o-w respectively. A rush of fresh cargoes amidst an already tight position list until 1H October led to the ongoing rally in rates.

On the MRs, rates for the key AG/Japan route are holding stable at w175 points due to steady AG-East Africa flows. Sentiment in the North has weakened on lower cargo volumes, with rates for a South Korea/Singapore run basis 40 kt softening by \$55,000 on the week.

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