



Weekly Report

13 OCT 2017 | WEEK 41

CRUDE PRICES

\$/BBL	13 OCT	6 OCT	W-O-W CHANGE
ICE Brent	56.25	57.00	-0.75 ▼
Dubai	54.97	55.19	-0.22 ▼

CRUDE

Crude flat prices slipped on the week despite EIA data indicating a 2.7 mmb draw in US stockpiles as well as a possible extension of OPEC output cuts. Elevated US crude exports continued to ignite concerns of oversupply in the market, with exports above 1 mmb/d for the third consecutive week. ICE Brent front-month futures fell by \$0.75/bbl from last week while Dubai swaps inched down by \$0.22/bbl w-o-w.

PRODUCTS

Asian naphtha cracks hit a multi-month high this week as propane prices remain at a significant premium to that of naphtha. Crackers are running near maximum capacity after the end of turnaround season, resulting in robust demand for naphtha.

Gasoline cracks in Asia slipped on the week as a stockbuild in the US outweighed news of a fire at Monroe Energy's 185 kb/d Trainer refinery. EIA data indicated that US gasoline inventories surged by 2.5 mmb on the week.

Diesel cracks in Asia eased w-o-w as the effects of hurricane season in the US wear off while Indian exports remain elevated. Asian fuel oil cracks grew from last week, in line with the fall in crude prices as well as expectations of tighter supplies from the West.

SPOT VLCC RATES

WS (2017 basis)	13 OCT	6 OCT	W-O-W CHANGE
AG/Japan (265 kt)	65.00	62.00	3.00 ▲
AG/Singapore (270 kt)	64.00	62.50	1.50 ▲
AG/USGC (280 kt)	27.00	26.00	1.00 ▲
WAF/Far East (260 kt)	66.50	62.00	4.50 ▲

VLCC

Asian VLCC rates saw an upward swing this week on the back of robust activity amid a balanced position list. A flurry of third decade cargoes buoyed owner sentiment, pushing rates for the key AG/Japan route up by w3 points w-o-w. Saudi Arabia's move to cut November crude allocations by 560 kb/d as opposed to 350 kb/d in October is likely to lead to a more muted seasonal spike in VLCC rates compared to last year.

In line with the firmer AG market, rates for the key WAF/East route jumped by w4.5 points on the week as charterers started covering first decade November cargoes. Reduced November loading programs from both Nigeria and Angola (down by 17.5% m-o-m) are expected to cap VLCC demand in WAF.

SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	13 OCT	6 OCT	W-O-W CHANGE
AG/East (130 kt)	Suezmax	82.50	79.00	3.50 ▲
WAF/UKC (130 kt)	Suezmax	75.00	72.50	2.50 ▲
AG/East (80 kt)	Aframax	117.50	115.00	2.50 ▲
Indo/Japan (80 kt)	Aframax	105.00	105.00	0.00 ●

SUEZMAX/AFRAMAX

The Asian Suezmax market was supported by stable cargo demand as well as the firmer VLCC market. Rates for the key AG/East route grew by w3.5 points from last week. With the bulk of October stems covered, further gains in rates are limited. Similarly, Suezmaxes trading in WAF saw an increase in rates due to a shorter position list as more vessels ballasted over to the firm Med region. As such, rates for TD20 edged up by w3.5 points w-o-w on the back of bullish owner sentiment.

The slump in Asian Aframax rates was stymied by fresh cargo enquiry in the Indo/Singapore region and a lack of modern vessels in the AG. Rates for an Indo/Japan trip held steady at w105 over the week while rates for an AG/East voyage inched up by w2.5 points on the week.

SPOT LR / MR RATES

WS (2017 basis)	13 OCT	6 OCT	W-O-W CHANGE
AG/Japan (75 kt)	115.00	135.00	-20.00 ▼
AG/Japan (55 kt)	127.00	130.00	-3.00 ▼
AG/Japan (35 kt)	155.00	165.00	-10.00 ▼

LR/MR

Asian LR rates softened on the back of plentiful vessel supply this week. The return of ships previously fixed to the West led to a build-up in position lists, giving charterers the upper hand. TC1 rates saw severe downwards correction this week, plunging by w20 points w-o-w while TC5 rates edged down by w3 points.

On the MRs, rates for the key AG/Japan fell by w10 points on the week due to stiff competition from the LR1s for shorthauls. While rates for a South Korea/Singapore run basis 40 kt continued declining by \$20,000 from last week, the market up North is on the move again. It seems to be only a matter of time before the influx of third decade cargoes pushes rates up again.

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For our consulting services, please reach us at:

Rachel Yew

research@theefe.com