



Weekly Report

20 OCT 2017 | WEEK 42

CRUDE PRICES

\$/BBL	20 OCT	13 OCT	W-O-W CHANGE
ICE Brent	57.23	56.25	0.98 ▲
Dubai	55.51	54.97	0.54 ▲

CRUDE

Crude flat prices grew from last week, supported by geopolitical tensions in the Middle East. The conflict in Iraq escalated on Tuesday as government forces seized control of Kirkuk, shutting production at two major oilfields. While EIA data indicated that US crude production dropped by around 1 mmb/d from a week ago, this was due to the effect of Hurricane Nate. ICE Brent front-month futures jumped by \$0.98/bbl from last week while Dubai swaps expanded by \$0.54/bbl w-o-w.

PRODUCTS

Naphtha cracks in Asia eased slightly on the back of the strength in crude prices. End-user demand remains robust due to seasonal strength as well as unattractive LPG prices. Asian gasoline cracks grew w-o-w as firm counterseasonal demand (especially in the Middle East) outweighed reports of a 908 kb stockbuild in the US.

Gasoil cracks in Asia dipped from last week despite the drop in onshore Singapore inventories which hit a 10-month low. Unusually high exports from India due to refinery upgrades have weighed on cracks. Asian fuel oil cracks fell over the week, reflecting the growth in crude prices and muted bunker demand.

SPOT VLCC RATES

WS (2017 basis)	20 OCT	13 OCT	W-O-W CHANGE
AG/Japan (265 kt)	72.50	65.00	7.50 ▲
AG/Singapore (270 kt)	73.00	64.00	9.00 ▲
AG/USGC (280 kt)	29.00	27.00	2.00 ▲
WAF/Far East (260 kt)	73.00	66.50	6.50 ▲

VLCC

The VLCC market in Asia saw further gains over the week, supported by the release of first decade November stems. Rates for the benchmark AG/Japan route jumped by w7.5 points from the week before. As the tug of war between owners and charterers continues, the availability of older units remains a thorn in the owners' side. Charterers able to use handicapped tonnage managed to snag a discount of up to w15 points.

In line with the strength in the AG, rates for the key WAF/East route rose by w6.5 points on the week. Healthy activity in the Americas helped to tighten tonnage in the Atlantic Basin, providing a boost to rates.

SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	20 OCT	13 OCT	W-O-W CHANGE
AG/East (130 kt)	Suezmax	85.00	82.50	2.50 ▲
WAF/UKC (130 kt)	Suezmax	82.50	75.00	7.50 ▲
AG/East (80 kt)	Aframax	135.00	117.50	17.50 ▲
Indo/Japan (80 kt)	Aframax	125.00	105.00	20.00 ▲

SUEZMAX/AFRAMAX

Suezmax rates for the key AG/East route edged up by w2.5 points w-o-w due to fresh November Basrah cargoes as well as a robust WAF market. Suezmaxes trading in WAF were seen taking Aframax stems in the firm Med region, shortening the position list in the region. Buoyed by bullish sentiment and potential weather delays in the Turkish Straits, rates for TD20 expanded by w7.5 points from last week.

Busy fixing activity in the Indo/Singapore region and restricted supply of modern tonnage in the AG continued to support the Asian Aframax market. Aframax rates grew by w20 and w17.5 points on the week for an Indo/Japan and AG/East trip respectively. Strong demand for regional crudes due to a wide Brent-Dubai spread is expected to underpin the Aframax market for the remainder of Q4.

SPOT LR / MR RATES

WS (2017 basis)	20 OCT	13 OCT	W-O-W CHANGE
AG/Japan (75 kt)	115.00	115.00	0.00 ●
AG/Japan (55 kt)	115.00	127.00	-12.00 ▼
AG/Japan (35 kt)	160.00	155.00	5.00 ▲

LR/MR

The Asian LR market continues to face downward pressure for now due to ample vessel supply. Around 4 LR2s and more than 20 LR1s are available for loading in the AG over the next week. Firm owner resistance has kept TC1 rates stable at w115 while TC5 rates fell by w12 points w-o-w.

On the MRs, rates for the key AG/Japan edged up by w5 points from last week on the back of steady demand to move cargoes to East Africa. The North Asian market is holding firm as a handful of third decade cargoes remain uncovered, buoyed by potential vessel delays as Typhoon Lan approaches.

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