



Weekly Report

10 NOV 2017 | WEEK 45

CRUDE PRICES

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\$/BBL		10 NOV	3 NOV	W-O-W CHANGE	
ICE Brent		63.93	60.62	3.31	▲
Dubai		61.61	58.58	3.03	▲

CRUDE

Crude flat prices went from strength to strength this week, jumping to their highest levels in two and a half years. The spike in prices was driven by the recent unexpected anti-corruption crackdown in Saudi Arabia as concerns over potential instability in the Kingdom added a geopolitical risk premium. Market sentiment was also boosted by Saudi Arabia's plans to cut crude exports by 120 kb/d m-o-m in December as reported by Reuters. ICE Brent front-month futures surged by \$3.31/bbl from last week while Dubai swaps jumped by \$3.03/bbl w-o-w.

PRODUCTS

Asian naphtha cracks gained on the week, buoyed by strong end-user demand and tight supplies. Crackers in North Asia are running at maximum capacity due to a wide ethylene-naphtha spread.

Gasoline cracks in Asia remained supported by stockdraws in the US and Singapore as well as robust demand from the Middle East. EIA data indicated that US gasoline inventories plunged by 3.3 mmb from last week to 209.5 mmb, a three-year low.

Asian gasoil cracks continued declining w-o-w as spot supplies from India Taiwan, and Thailand outweighed regional demand. An increasingly unprofitable East-West arb is likely to divert more cargoes from AG/West Coast India to Singapore and weigh on market sentiment.

Fuel oil cracks in Asia fell on the week largely due to the strength in crude prices. While IE Singapore data indicated that onshore Singapore inventories plunged to their lowest in 5 weeks (down by 8% w-o-w), stockpiles are still 12.7% higher than year-ago levels.

SPOT VLCC RATES

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WS (2017 basis)		10 NOV	3 NOV	W-O-W CHANGE
AG/Japan (265 kt)		70.00	69.50	0.50 ▲
AG/Singapore (270 kt)		72.00	70.00	2.00 ▲
AG/USGC (280 kt)		28.50	28.00	0.50 ▲
WAF/Far East (260 kt)		72.00	72.00	0.00 ●

VLCC

VLCC rates for the key AG/Japan route edged up by w0.5 points from last week as owners of modern vessels held firm amidst ample availability of handicapped tonnage. Activity was fairly subdued despite the rollover into the third decade November fixing window as most market participants were away at a conference in Dubai. With quite a few third decade cargoes still outstanding as well as ongoing delays in the Far East, next week is expected to be a busy one. Similarly, VLCC rates for the WAF/East route held steady at w72 over the week on the back of lacklustre activity in the wider Atlantric Basin.

SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	10 NOV	3 NOV	W-O-W CHANGE
AG/East (130 kt)	Suezmax	89.00	89.00	0.00 ●
WAF/UKC (130 kt)	Suezmax	82.50	95.00	-12.50 ▼
AG/East (80 kt)	Aframax	125.00	128.00	-3.00 ▼
Indo/Japan (80 kt)	Aframax	115.00	117.50	-2.50 ▼

SUEZMAX/AFRAMAX

The Asian Suezmax market was flat over the week as chartering activity for third decade November cargoes has been slow to pick up. Rates for the key AG/East route were stable at w89 despite the softer Med and WAF markets. Owner sentiment remains bullish due to seasonal winter demand. WAF Suezmax rates saw further downward correction this week, with TD20 down by w12.5 points w-o-w. Stagnant activity, heavy build-up in tonnage as well as a lack of weather-related delays led to the plunge in rates.

The Asian Aframax market eased on the week as rates inched down by w2.5 and w3 points for an Indo/Japan and AG/East trip respectively. Ample vessel supply in the Indo/Singapore region outweighed steady cargo demand. It was a quiet affair in the AG while the arrival of more ballasters lengthened the position list.

SPOT LR / MR RATES

WS (2017 basis)	10 NOV	3 NOV	W-O-W CHANGE
AG/Japan (75 kt)	122.50	120.00	2.50 ▲
AG/Japan (55 kt)	125.00	120.00	5.00 ▲
AG/Japan (35 kt)	175.00	172.50	2.50 ▲

LR / MR

Asian LR rates saw further improvement from last week, with TC1 and TC5 rates up by w2.5 and w5 points respectively w-o-w. While the LR2s are seeing fewer cargo enquiries than the LR1s, prompt vessel supply is much more restricted. As such, there is potential for LR2 rates to firm further in the coming week. In contrast, the LR1s have been busy working short-haul stems in North Asia but ample tonnage is expected to keep a lid on rates.

On the MRs, rates for the key AG/Japan route grew by w2.5 points from last week as cargo flows ex-AG and WCI held steady. A flurry of second decade November cargoes has tightened the position list in South Korea significantly, pushing rates for a South Korea/Singapore run basis 40 kt up by \$40,000 on the week. The release of a new batch of Chinese export quotas has boosted cargo demand as well, bringing the year's total amount of quotas to 42.4 mmt which is 8% lower than that of 2016.

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For our consulting services, please reach us at:
Rachel Yew
research@theofe.com