



# Weekly Report

24 NOV 2017 | WEEK 47

## CRUDE PRICES

\$/BBL	24 NOV	17 NOV	W-O-W CHANGE
ICE Brent	63.55	61.36	2.19 <span style="color: green;">▲</span>
Dubai	61.13	60.29	0.84 <span style="color: green;">▲</span>

## CRUDE

Crude flat prices reversed most of their losses from last week, buoyed by the shutdown of the 590 kb/d Keystone pipeline which led to a large draw in stockpiles at Cushing. EIA data indicated that overall US crude inventories dropped by 1.9 mmb for the week ending Nov 17. Expectations of an extension of the OPEC production cuts during the upcoming Nov 30 meeting also lent support to the market. ICE Brent front-month futures jumped by \$2.19/bbl w-o-w while Dubai swaps grew by \$0.84/bbl from the week before.

## PRODUCTS

Asian naphtha cracks gained w-o-w as regional end-users picked up cargoes for 1H January delivery. With winter heating demand for LPG expected to keep prices supported in the near-term, regional naphtha consumption is expected to hold firm over the next quarter.

Gasoline cracks in Asia inched down from last week as EIA data indicated that US gasoline inventories expanded by 44 kb w-o-w. Increased spot supplies from China may weigh on the market, with CNOOC offering its fourth cargo for December delivery from its expanded Huizhou refinery.

Asian diesel cracks grew over the week as spot demand from Sri Lanka and Vietnam and a draw in Singapore stockpiles outweighed higher supplies from India. IE Singapore data indicated that onshore Singapore middle distillate stocks fell by around 2% on the week.

Asian fuel oil cracks declined from the week before, tracking the strength in crude prices. While IE Singapore data indicated that onshore Singapore inventories hit their lowest level in almost two months, market expectations of higher arb volumes from the West and AG added downwards pressure to cracks.

## SPOT VLCC RATES

WS (2017 basis)	24 NOV	17 NOV	W-O-W CHANGE
AG/Japan (265 kt)	66.00	70.00	-4.00 <span style="color: red;">▼</span>
AG/Singapore (270 kt)	67.00	70.00	-3.00 <span style="color: red;">▼</span>
AG/USGC (280 kt)	26.00	26.00	0.00 <span style="color: yellow;">●</span>
WAF/Far East (260 kt)	67.00	70.50	-3.50 <span style="color: red;">▼</span>

## VLCC

The East of Suez VLCC market took an unexpected turn this week as rates underwent a downward correction. Fixing activity for first decade December remained muted as owners succumbed to pressure from charterers. As such, rates for the benchmark AG/Japan route fell by w4 points w-o-w after hovering around w70 since the start of the month.

The weakness in the Persian Gulf trickled down to the WAF market, where rates for the key WAF/Far East route edged down by w3.5 points from last week. Ample tonnage in the Atlantic Basin due to vessels that previously ballasted over from the AG weighed on rates as well.

## SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	24 NOV	17 NOV	W-O-W CHANGE
AG/East (130 kt)	Suezmax	87.50	90.00	-2.50 <span style="color: red;">▼</span>
WAF/UKC (130 kt)	Suezmax	80.00	75.00	5.00 <span style="color: green;">▲</span>
AG/East (80 kt)	Aframax	112.50	120.00	-7.50 <span style="color: red;">▼</span>
Indo/Japan (80 kt)	Aframax	105.00	112.50	-7.50 <span style="color: red;">▼</span>

## SUEZMAX/AFRAMAX

Similar to their larger sisters, Suezmaxes trading in the East of Suez saw a dip in rates on the back of subdued activity. Suezmax rates for the key AG/East route dipped by w2.5 points on the week. The WAF Suezmax market bottomed out over the week as charterers in the US rushed to fix ahead of Thanksgiving holidays, helping to clear out the front of the position list. Firm owner resistance as well as a handful of outstanding second decade December cargoes helped to push TD20 up by w5 points from last week to w80.

Asian Aframax rates continued to soften from last week, with both rates for an Indo/Japan and AG/East trip down by w7.5 points w-o-w. The lengthy build-up of tonnage in the Indo/Sg region kept rates suppressed despite stable cargo flows. Owners were unwilling to ballast over to the AG due to lower earnings as well as a lack of fresh cargoes.

## SPOT LR / MR RATES

WS (2017 basis)	24 NOV	17 NOV	W-O-W CHANGE
AG/Japan (75 kt)	120.00	122.50	-2.50 <span style="color: red;">▼</span>
AG/Japan (55 kt)	129.50	125.00	4.50 <span style="color: green;">▲</span>
AG/Japan (35 kt)	180.00	180.00	0.00 <span style="color: yellow;">●</span>

## LR/MR

The two segments in the Asian LR market moved in opposite directions as TC1 rates inched down by w2.5 points and TC5 rates jumped by w4.5 points from the week before. A dearth of fresh cargo enquiries weighed on LR2 rates despite a short position list while the LR1s remained busy moving short-haul barrels in the region. Around 4 LR2s and 10 LR1s are available for loading in the AG over the next week.

The Asian MR market held firm across all regions as rates for the key AG/Japan route were stable at w180 over the week, buoyed by steady demand for AG-East Africa shipments. Tender data indicates that Tanzania and Kenya are importing around 917 kt of diesel, jet/kero and gasoline in November, up by 8.3% m-o-m. Robust demand for long-haul shipments such as North Asia/Australia and North Asia/US-Mexico lent support to the market up in the North. Rates for a South Korea/Singapore run basis 40 kt expanded by \$10,000 w-o-w.

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