



Weekly Report

1 DEC 2017 | WEEK 48

CRUDE PRICES

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\$/BBL		1 DEC	24 NOV	W-O-W CHANGE
ICE Brent		62.63	63.55	-0.61 ▼
Dubai		60.82	61.13	-0.31 ▼

CRUDE

Crude flat prices fell mid-week on the back of uncertainty ahead of the OPEC meeting but recovered some losses after the group came to consensus and extended production cuts until the end of 2018. As market expectations of the nine-month extension were already priced-in, crude prices saw little movement despite the unexpected inclusion of Nigeria and Libya. ICE Brent front-month futures were down by \$0.61/bbl from last week while Dubai swaps dipped by \$0.31/bbl w-o-w.

PRODUCTS

Naphtha cracks in Asia came off over the week due to a steady stream of incoming cargoes from the Med and USGC which is expected to ease supply tightness. At least 350 kt of naphtha was fixed in November to move naphtha from the USGC to Japan and South Korea. Petrochemical demand from end-users remained robust as buying for 1H January delivery continued.

Asian gasoline cracks dipped on the week as a large stockbuild in US inventories outweighed a slight draw in Singapore onshore stockpiles. EIA data indicated that US gasoline stocks surged by 3.6 mmb w-o-w while according to IE Singapore data, onshore Singapore light distillate inventories slipped by 180 kb.

Diesel cracks in Asia declined from last week as an influx of spot cargoes from India, Thailand and Middle East flooded the market amid a closed East-West arb. Fuel oil cracks in Asia edged down from the week before on the back of elevated inflows from the West and AG in November and December as the arb remains open.

SPOT VLCC RATES

WS (2017 basis)		1 DEC	24 NOV	W-O-W CHANGE
AG/Japan (265 kt)		57.50	66.00	-8.50 ▼
AG/Singapore (270 kt)		59.00	67.00	-8.00 ▼
AG/USGC (280 kt)		25.00	26.00	-1.00 ▼
WAF/Far East (260 kt)		62.50	67.00	-4.50 ▼

VLCC

Asian VLCC rates continued to soften over the week as the expected flurry of December cargoes has failed to materialize thus far, leading to a build-up in tonnage in key loading areas. Rates for the benchmark AG/Japan route dropped by w8.5 points w-o-w to w57.5, below the psychological level of w60. In line with the muted AG market, rates for the key WAF/Far East route fell by w4.5 points from last week.

While the extension of the OPEC production cuts to all of 2018 as well as newly-imposed cap on Nigerian output are expected to weigh on cargo volumes in ex- AG and WAF, the impact may be partly offset by growing longhaul trades from the US/Caribs to the East on a relatively wide Brent-WTI spread.

SPOT SUEZMAX/AFRAMAX RATES

WS (2017 basis)	VESSEL	1 DEC	24 NOV	W-O-W CHANGE
AG/East (130 kt)	Suezmax	87.50	87.50	0.00 ●
WAF/UKC (130 kt)	Suezmax	85.00	80.00	5.00 ▲
AG/East (80 kt)	Aframax	107.50	112.50	-5.00 ▼
Indo/Japan (80 kt)	Aframax	100.00	105.00	-5.00 ▼

SUEZMAX/AFRAMAX

Suezmax rates for the key AG/East route were flat w-o-w at w87.5 on the back of steady activity ex-Basrah and Kharg. Suezmax rates in WAF slowly crept up due to bullish owner sentiment, increased fixing activity for second decade December cargoes and ongoing Turkish Straits delays of 5-7 days. As such, TD20 expanded by w5 points on the week to w85.

The Asian Aframax market saw further decline from the week before, with both rates for an Indo/Japan and AG/East trip down by w5 points. Ample vessel availability coupled with lacklustre activity in the Indo/Singapore region continued to weigh on rates. Shipowners showed a preference for regional short-haul voyages over long-haul trips due to the current state of low earnings. The AG region saw a couple of enquiries for Bandar Mahshahr-loading fuel oil cargoes.

SPOT LR / MR RATES

WS (2017 basis)	1 DEC	24 NOV	W-O-W CHANGE
AG/Japan (75 kt)	107.50	120.00	-12.50 ▼
AG/Japan (55 kt)	130.00	129.50	0.50 ▲
AG/Japan (35 kt)	175.00	180.00	-5.00 ▼

LR / MR

Rates in the Asian LR segment diverged by segment as TC1 plunged by w12.5 points while TC5 inched up by w0.5 points w-o-w. The continued lack of fresh activity dragged LR2 rates down while the LR1s remained active in North Asia despite a slowdown in fixing momentum. A handful of outstanding LR1 cargoes are likely to lend further support to LR1 rates.

The Asian MR market started showing cracks as rates for the key AG/Japan route came off by w5 points from last week on slowing cargo demand. Demand to move mixed aromatics cargoes from Singapore to China remained firm. Rates for a South Korea/Singapore run basis 40 kt held steady on the week at \$470,000.

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