This report has been prepared by the Database Team of the SPC Economic Development Division Energy Programme to review and analyse regional fuel and LPG prices for the fourth quarter of 2016 (Q4.2016) based on monthly averages of Mean Platt’s Singapore (MOPS) benchmark prices that are published daily.

**Fourth quarter oil market report (October 2015–December 2016)**

During the last quarter of 2015 and the first quarter of 2016 there was a significant drop in the international price of oil, which was selling below USD 50/barrel, reaching its cheapest, since 2008–2009. This was mainly due to the global over-supply of crude oil and the collapse in prices. By the end of November 2016, The Organisation of the Petroleum Exporting Countries (OPEC) reached a deal among its 14 country members to curtail oil production. They (OPEC ministers) decided to implement a production adjustment of 1.2 million barrels per day (bpd), effective from 1 January 2017, in order to prop up its price. This would continue for six months, extendable for another six months, taking into account prevailing market conditions and prospects. Russia (a non-OPEC member) also committed to reducing oil production by 300,000 bpd.

Other factors that contributed to the slight upward movement of international fuel prices in the fourth quarter were the presidential election in USA in November, the ongoing pipeline wars in USA and the political and civil unrest in Nigeria and Libya. The price of Dated Brent crude oil increased by 13% compared to the last three quarters (Q1.2016–Q3.2016).
By the fourth quarter, there was upward movement in MOP prices for mogas, gasoil and jet/kerosene compared to the last nine months. In October, there was a slight increase in the daily MOP fuel prices. On 8 November, the USA held its presidential election and on the following day MOPS prices dropped. By the end of November after the announcement by the OPEC ministers, MOP daily fuel prices began to pick up. At the end of December 2016, mogas, gasoil and kerosene were selling above USD 65/barrel. The price of Mogas 92 increased by 17%, kerosene by 15%, gasoil 10ppm and gasoil 500ppm by 15% compared to the third quarter. For heavy fuel oil, there was a huge increase of USD 7.75 per barrel, or 32%, compared to the third quarter. Noticeably, in the fourth quarter, on average (apart from HSFO), mogas, gasoil, kerosene and Dated Brent were selling above USD 50/barrel due to a higher demand and a stable supply.
Refiners margin compared with Dated Brent

Asian refining margins increased in the fourth quarter compared to the previous quarters. For mogas 97, 95 and 92, prices increased by 21%, 25% and 32% respectively, compared to Q3.2016.

Freight rates

The Clean Tankwire spot freight rates from Singapore to Australia weakened in the fourth quarter in comparison to the last nine months. The average freight rate decreased by 5% from USD 21.13 per metric tonne in the third quarter to USD 20.03 per metric tonne in the fourth quarter. The Singapore-Australia route was assessed at 162.96 worldscale points: a decrease of 5% from the previous quarter. This may be subject to the increasing competition stemming from abundant vessel supply.
Exchange rates

In the fourth quarter Australia (AUD), New Zealand (NZD), Fiji (FJD), Papua New Guinea (PGK), Samoa (Tala), Solomon Islands (SBD), Tonga (TOP), Vanuatu (Vatu) and French Pacific (XPF) currencies depreciated. The lowest Pacific currency against the US dollar in Q4.2016 was the French Pacific XPF, followed by the Vanuatu and Solomon Islands currencies. Throughout 2016, the Euro and the Papua New Guinean, Samoan and French Pacific currencies were at their lowest in the fourth quarter.

Source: Exchange rate  www.oanda.com
Data Sources
2. LPG price is sourced from http://gasenergyaustralia.asn.au/.
3. Prices for diesel, gasoline and jet/kerosene prices are provided by Platts (S&P Global Platts).

Historical reports
Historical fuel and LPG review reports can be downloaded from the SPC PRDR Energy Portal by typing ‘price reviews’ in the search box of the library: http://prdrse4all.spc.int/list/publication?keys=price+reviews

Abbreviations and glossary
bbl       barrel (of oil)
bpd       barrel per day
ppm       parts per million
RON       Research Octane Number
MT        metric tonne
MOPS      Means of Platts Singapore
OPEC      Organisation of the Petroleum Exporting Countries

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