



02 JULY 2021

## Bunker pressure

Just when we thought the market couldn't fall any further, UNIPEC managed to fix MEG/China at WS 31.5 with a relet ship and they have taken more than one around that level! This affected the market's mood, leading to a few MEG/East fixed lower than last done. We saw two Brazil/East deals repeated and Petrobras getting a lower rate than Petrogal within the same day. WAF is quiet compared with the other areas and WS 34 may not be the level anymore.

We have reached the end of yet another bearish week in West Africa for the Suezmaxes – the tonnage supply list keeps growing day by day, and we are simply not seeing enough inquiry out there to push these rates up. There are minimal cargoes for the 2nd decade and, with the amount of available tonnage in natural position to load WAF over the next 30 days (around 60 vessels: 23 ships for 2nd decade and 32 ships for 3rd decade) the data is bearish, and charterers will most likely attempt to push rates lower. However, with bunker prices still high, we can expect some resistance from owners. WAF/West is trading steady in the WS 50/52.5 region for now. Not very exciting times in the AG either. The tonnage supply list has not changed much, with just over 30 ships in natural position to load out the AG over the next 30 days. There's more than enough Basrah suitable vessels out there right now as well - around 15 modern vessels for prompt dates. All in all, sentiment seems steady with AG/West still in the WS 32.5 region and WS 55-57.5 for east discharge.

Aframax tonnage firmed up for forward dates in the Baltic and North Sea, and owners rushed to get their vessels fixed as quickly as possible, resulting in rates tumbling throughout the week. By Thursday, TD17 had slumped to WS 70, a drop of 15 points in just four working days, while TD7 lost a similar margin, sliding to WS 100 – both will be a touch less now. While there appears to be some action going on under the radar, there is little to suggest that anything but another spell of weakness will ensue.

In the Med and Black Sea markets, the slump has been somewhat more emphatic. Having reached the dizzying heights of WS 105 just a week ago, rates on TD19 have collapsed by around 20 points in the short space of a week, down to WS 85 – 87.5 levels. Similarly to the markets to the North, it soon became apparent that levels were unsustainable, and owners quickly scrambled to fix their ships. The short-term outlook isn't particularly encouraging either, with a lighter Black Sea program compared to recent months and a still-lengthening tonnage list all suggesting that rates will soon come under further downward pressure.

In the product markets, after a promising start of the week, demand for LR2s in the AG dried up. AG/East has been fixed at WS 75, Westbound has

been largely untested but we would suggest Jubail/UKC to be USD 1.65 Mn.

The LR1s have had a truly terrible week. Demand has been paltry and rates have suffered as a result. This morning, we have seen WS 77.5 on subs for AG/Japan which is a 5-point drop on last done and earnings are under USD 1,000/day. Westbound is untested but next on subs is under USD 1,300,000 from Jubail. There are about 40 ships open basis Fujairah over the next 15 working days and it will take time (and demand!) to go through them.

It has been a tough week for MR owners in the Middle East with very little cargo inquiry, a lengthening tonnage list and the unavoidable drop in freight rates. Bleak outlook ahead.

There has been next-to-no activity for the LR1s in North Asia this week. The LR2s have been relatively busy, Korea/Australia is on subjects at WS 75 and there are outstanding stems to cover. Korea/Singapore is closer to USD 325K. It looks like rates are bottoming out here but, unless we see a significant uptick in demand, freight levels will remain static.

A slow week for the Far East MRs, with most rates softening throughout. With bunker prices around USD 550/T now, most owners would prefer to sit their vessels open. Korea/Singapore has dropped off to USD 205k – Korea/Oz is untested, but should be paying WS 120. On the Singapore MRs it has been an all-round quiet week, with very little to report in terms of fixing activity and a slow level of cargo enquiry. The list remains well-stocked off the front end, which has seen rates softening throughout the week. X-Singapore is trading around USD 90k level, and TC7 should be paying WS 120 at best.

A flat week for West LR1s with piecemeal enquiry levels. The long position list is keeping pressure on rates and, even with some resurgence in the USG and the majority of the front end cleared, the outlook remains weak as more tonnage is in ballast to the area. Limited demand and a long supply of tonnage took a bite out of the LR2 market this week with rates heavily contracting. With the stems for the first half of the month looking well covered and plenty of tonnage still to get through, we do not expect a rally anytime soon.

A slow week in the Northwest Europe on the MRs and rates came under pressure with TC2 at WS 110-112.5. The US market saw some improvement as TC14 ticked up to WS 95.

It has been a very quiet week for the Med Handies, which are showing no signs of improvement for now. WS 120 for X-Med as levels continue to trade at the bottom, although with bunker prices still firm, there doesn't look to be the appetite to push any lower. Bsea especially quiet and fixed at WS 130, with the tonnage list continuing to build over the weekend.

			BDTI	BCTI
			592	445
Δ W-O-W			↓Softer	↓Softer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		562.3	563.8	565.3
Δ W-O-W		5.0	4.6	5.0
BALTIC TCE DIRTY				
	Route	Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-17,192	↓Softer
TD3C	ME Gulf / China	270,000	-4,674	↓Softer
TD6	Black Sea / Med	135,000	-6,312	↓Softer
TD8	Kuwait / Sing.	80,000	1,072	↓Softer
TD9	Caribs / US Gulf	70,000	-2,816	↑Firmer
TD14	Asia / Australia	70,000	1,765	↓Softer
TD17	Baltic / UKC	100,000	3,037	↓Softer
TD20	WAF / Cont	130,000	-1,099	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ WS	W-O-W
TC1	ME Gulf / Japan	75,000	511	↑Firmer
TC2	Cont / USAC	37,000	1,834	↑Firmer
TC5	ME Gulf / Japan	55,000	760	↓Softer
TC6	Algeria / EU Med	30,000	WS 119.56	↑Firmer
TC7	Sing. / ECA	30,000	2,643	↓Softer
TC8	ME Gulf / UKC	65,000	WS 21	↑Firmer
TC9	Baltic / UKC	30,000	WS 120	↑Firmer