



East CPP tankers leading the way

Steady/flat is the overall VLCC outlook. At the time of writing, AG/SK is on subs at WS 31 for 2nd decade of August dates, about WS 0.25 less than what we saw on Wednesday. It has been very quiet in WAF, now steady/flat at WS 33 levels. High competition for the scarce cargoes trickling down in all markets is testing owners' ingenuity, who are resorting to tricks such as reducing laycans and/or speed in order to maximise returns. In the West, USG/East has been repeated at USD 3.9 Mn for 25-30 Aug dates. Still, this is about USD 0.1 Mn less than what we have seen repeated earlier.

On the Suezmax front, on Wednesday, we saw 130 x WS 43.75 on subs for Malongo/Israel for 24 Aug dates. This cargo received 10 offers, and it is perhaps giving the Stena Surprise a better TCE than a Bonny/Rotterdam in the WS 50 levels, a rate the majority of the market will see as shockingly low. That being said, our expectations have been exceeded as we saw WS 52.5 paid on a prompt options cargo for UKC on Friday morning. Otherwise, TD20 remains flat in the WS 50 levels. No movement on TD23 this week, with rates staying mid/high WS 20. We have seen WS 24.5 for BOT/Sarroch on 14 Aug dates. Despite a tighter list, there is no action to move rates forwards.

Not much activity this past week for Aframax in the North and Baltic Sea markets. Tonnage has continued to build, and rates on TD7 and TD17 have slipped a couple of points down to WS 92.5 – 95 and WS 60 – 62.5 respectively. The outlook doesn't appear too bright, either, with little to suggest that there will be any significant change soon, with rates set to remain rolling along the bottom. In the Med/Bsea markets, it has arguably been worse. Cargoes have been drip-fed into the market at a snail's pace, and charterers have comfortably picked off vessels at repeatedly last done levels, and sometimes at a point or two below. Rates on TD19 are down to around WS 85 levels now, down by around 2.5 points since the end of last week. The CPC program for August will total just 29 cargoes, the fewest since May last year. As with the North, there is little to suggest improvement on the horizon, with rates likely to remain under pressure over the coming week.

We have had a week where the LR2s have largely stayed dormant until the very end when a flurry of activity hit the market. Enough steam has escaped from the market to keep freight moves to a minimum but there is still a 10-point move up to WS 90 on subs for TC1. Yanbu/West has been fixed earlier this week at USD 1.25 Mn and USD 1.3 Mn but if the pressure was to continue from the smaller ships next week, we might see this energy flow into the bigger units too.

The LR1s have seen significant amount of activity this week with all trade

routes buzzing a little. With owners wary of locking into voyages to the poor West markets, rates have lifted to a minimum of USD 1.5 Mn for Jubail/West (up by USD 175k w-o-w). TC5 is on subs at WS 102.5, a lift of 15 points on the week and the first time over WS 100 since May. Earnings have now started to move to above USD 10k for some voyages which is demonstrative of how much further the markets need to improve before owners can start suggesting that they are making 'proper money', but it's a good start.

MRs have had prosperous week with the firming from last week being consolidated. TC17 has seen WS 165 consolidated and reports of higher are on subs also. The general expectation is that this route will continue to firm, but it is worth noting that even though the WS rates appear larger, they only translate to USD 6-7,000 per day earnings and owners are arguing that more progress is required.

It has been another bumper week for the LRs in North Asia. MR rates continue to push up, dragging LR1 freight with it: Korea/Singapore is around USD 450k, depending on laycan and cargo grade, but the market is still busy and we could well see rates firm off these levels. We have also seen charterers trying to parcel up MR stems onto LR2s which has pushed up demand for these units and they are currently trading at parity with the LR1s. With the AG markets firming, we should see life for LRs in the North.

MR rates in North Asia have seen impressively sizeable gains. The list continues to be extremely tight and owners continue to push aggressively on rates – Korea/Singapore is now at USD 470k and Korea/Oz at WS 177.5 but more is likely next as there are still outstanding stems to cover. Owners will be looking forward to a new week as they try and push even further. It has been a busy week also on the Singapore MRs, with the combination of a tight list and a constant flow of long-short cargo enquiry. TC7 rose steadily, with WS 177.5 now on subs.

The momentum on the West MRs continued in the early part of the week with another wave of cargoes and a tight list keeping rates buoyant for a while. But as more ships replenished the list and the majority of cargoes were covered, rates were once again tested. After some resistance, TC2 finally settled down at WS 135.

It was a fairly steady end to the week for the Med Handies with not too much fresh activity reported in the market, but a few ships getting squirreled away on subjects privately below the radar. X-Med has slipped a couple of points to WS 117.5. A couple of cargoes left out there off the 13-15 window still, but charterers should feel in the driving seat and won't be feeling the pressure too much.

		BDTI	BCTI	
		607	505	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SMI	
This week	584.6	588.9	587.2	
Δ W-O-W	11.3	13.5	13.2	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-17,030	↑Firmer
TD3C	ME Gulf / China	270,000	-4,691	↑Firmer
TD6	Black Sea / Med	135,000	-8,011	↓Softer
TD8	Kuwait / Sing.	80,000	4,068	↑Firmer
TD9	Caribs / US Gulf	70,000	-3,881	↑Firmer
TD14	Asia / Australia	70,000	8,303	↑Firmer
TD17	Baltic / UKC	100,000	-1,251	↓Softer
TD20	WAF / Cont	130,000	-565	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	2,065	↓Softer
TC2	Cont / USAC	37,000	6,935	↑Firmer
TC5	ME Gulf / Japan	55,000	3,344	↑Firmer
TC6	Algeria / EU Med	30,000	WS 119.38	↑Firmer
TC7	Sing. / ECA	30,000	6,749	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 23	↑Firmer
TC9	Baltic / UKC	30,000	WS 145	↑Firmer