



13 AUGUST 2021

Sorcery on the Clean Tankers

It hasn't been a very eventful week for VLCCs. We have seen MEG/China on subs at WS 30.75 for 28-30 Aug dates, an ex-DD ship for the same dates is also on subs at a slight discount at WS 30. However, Yanbu/SK is at WS 28.75, and the China premium can be attributed mainly to the hefty port costs. WAF is steady with not much activity - we have seen WAF/East on subs at WS 33 for early September dates.

It was good to see Suezmax rates in WAF finally picking up! WAF/UKC for 31 Aug - 2 Sept dates has been fixed at WS 54.5, and again WAF/Rotterdam-UKC at WS 52.5-54.5. TD20 in the WS 52.5-55 region now and the overall outlook is steady/firmer. On the other hand, in the AG there is enough tonnage to keep current levels around WS 26. EXXON is reportedly working a BOT/UKC cargo for 28-30 August dates. All in all, the market remains sideways.

It's been a lot less exciting for Aframax. In the Med and Black Sea, rates are unchanged on the week, with TD19 still around WS 85 – 87.5 levels. It is fair to say that the markets remain rooted to the bottom, despite a notable pick-up in activity compared to last week. Nevertheless, the better levels of enquiry have still fallen well short of what is required to offset the lengthy tonnage lists and only the softening bunker prices have provided any crumb of comfort for owners, with LSFO prices at Rotterdam falling below USD 500 per T. The preliminary CPC programme shows only 27 cargoes available for September, which would be the lowest monthly tally in years. So, we don't expect much change over the coming days/weeks.

To the North, owners have fared worse. The lack of cargo volumes and the lengthening tonnage lists have allowed charterers to push rates even lower, lower than what was previously considered "the bottom". TD7 is down to WS 92.5 – 95 levels, its lowest since the middle of last month, while TD17 is down to WS 57.5, its lowest since early February.

There were big changes on the LR2s this week. The last time we saw TC1 in three figures was back on 13 April – exactly four months ago – and the last time we saw TC5 in three figures was soon after that on 5 May. We have continued demand this week on the LR2s but the increase in Chinese exports, as well as the trans-Pacific demand taking a whole host of LR2s out of the ballast fleet back to AG and WCI loading markets, has supported markets further. TC1 is now on subs at WS 102.5, which represents a 12.5-point lift on the week. TC5 reacted sharply with WS 145 on subs, which is an impressive 57.5-point move on the week. Owners are now earning toward mid-USD 20,000s a day and have real ambition for the next week.

MRs up to midweek had a solid week with owners continuing to make gains off the back of continuing tight position list, but the LR1 fireworks have stolen the limelight in the latter part of this week. TC17 has firmed with WS 190 on subs, an improvement of a further 15 points, with TCE returns around USD 10,000 a day. There aren't a lot of outstanding cargoes at the market close, but the positions remain tight, so owners will feel comfortable waiting for the next round of stems to present itself next week; the immediate outlook remains firm.

The LR market in North Asia has continued in a similar vein to last week. Buoyed along by a firm MR market and freight levels rocketing in the Middle East, owners have not been shy to add significant premiums to last done on the cargoes that have appeared.

This was a huge week for the Far East MRs where rates have seen sizeable gains. The list looks incredibly tight now, both off the early window and into natural dates. Korea/Singapore covered at USD 610k off a prompt replacement, which most owners will be trying to archive for the next done. Korea/Oz is untested, but owners are using the bareness of the list to put above WS 200 on it. As expected, we had seen quite a standoff this week, whereby no charterers want to be the first to take the numbers and last done is beginning to look cheap. The same has been going for the Singapore MRs, whereby last done levels were only ever going to be beaten. TC7 is on subjects at WS 200. With no signs of larger ships slowing up at any time soon, the sentiment looks set to continue to push and owners will be looking forward to next week as they try and push even further.

A decent ramp up in the AG market rates had a knock-on effect in the West as owners could obtain better returns by ballasting through. LR2s had a good flurry of demand towards the end of the week, pushing rates upwards. If TC1 continues to firm next week, we should expect further gains. LR1s were quieter, but owners are in a bullish mood, even though the list does look a little long.

It has been a dismal week for the MRs in North-West Europe. The volume of tonnage has easily engulfed the limited cargo volume and rates have slipped for TC2, now down to WS 110.

This week in the Med has been a bit of a non-event on the Handies. They have ticked over with a steady trickle of cargoes but not much is left outstanding at the end of the week and there are still ample ships on the list as of now. As a result, Cross-Med has slid down a couple of points to WS 115 and seems steady.

		BDTI	BCTI	
		609	526	
	Δ W-O-W	↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	591.9	596.5	596.1	
Δ W-O-W	7.3	7.6	8.9	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-16,395	↑Firmer
TD3C	ME Gulf / China	270,000	-4,265	↑Firmer
TD6	Black Sea / Med	135,000	-5,888	↑Firmer
TD8	Kuwait / Sing.	80,000	5,645	↑Firmer
TD9	Caribs / US Gulf	70,000	-1,799	↑Firmer
TD14	Asia / Australia	70,000	9,373	↑Firmer
TD17	Baltic / UKC	100,000	-2,145	↓Softer
TD20	WAF / Cont	130,000	1,974	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	9,584	↑Firmer
TC2	Cont / USAC	37,000	2,264	↓Softer
TC5	ME Gulf / Japan	55,000	14,005	↑Firmer
TC6	Algeria / EU Med	30,000	WS 116.38	↑Firmer
TC7	Sing. / ECA	30,000	12,590	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 31	↑Firmer
TC9	Baltic / UKC	30,000	WS 143.57	↑Firmer