



03 SEPTEMBER 2021

## Every little helps

It's been a better week for VLCCs. We have seen MEG/China move up to WS 34.5 this week, courtesy of a rush of cargoes in a short period of time, with owners trying to squeeze every bit they can. Nevertheless, the market's fundamentals remain largely unchanged.

On Friday, we have seen WAFR/China reported at WS 33, which is the same as MEG/East, indicating the current level for a firm MEG/China cargo from a well-known charterers. North Sea and USG levels remain about the same.

As for Suezmaxes, it's been a relatively slow week in all markets. Rates in WAFR have slipped 2.5 – 5 points since Monday, which is the result of a well-stocked list (approximately 25 per cent longer than the week prior on average) and a general lack of cargoes.

Charterers have been drip-feeding the market and putting the pressure on rates. Med/Black Sea rates have fared a little better with USD 2.475 Mn on subs for Libya/Ningbo. The AG has been dire, with 130 x WS 52 on subs for AG/East on a cargo that had 12 offers.

Westbound volumes have been non-existent but, perhaps the one saving grace has been a general lack of safe itineraries in the USG – it's still quite tight there at the front-end – perhaps a little room for optimism as we move into next week.

Last week, there was a bit of optimism in the North European Aframax markets and a slight sense that momentum was building, but the long weekend in London has put an end to that. Tonnage refreshed and, even though there is some private business being done, only a couple of cargoes are hitting the market each day, so there isn't enough going on to really draw down tonnage lists.

Rates remained rooted, with TD7 down at WS 90 – 95 and TD17 at WS 57.5 – 60. Owners will be hopeful that second decade of September will be busier as more cargoes enter the market, but whether that'll be enough to eat through the sheer volume of tonnage remains to be seen.

It is much the same story in the Med and Black Sea markets. Despite some busier days, the volume of tonnage in the area is still too great, and any flurries are absorbed. The weekend as usual offers further respite and a couple of days of replenishment. Owners are doing what they can but, with so much tonnage available to charterers, they can only do their best to tick over, and move tonnage down the line. We don't expect any mass exit of tonnage for the USG (perhaps three vessels so far), and if a handful go, it's unlikely to have much effect here.

TD19 is steady at WS 87.5 – 90. A lot of tonnage will need to be cleared before rates can even begin to recover, and we don't anticipate that happening any time soon.

LR2s in the AG – WCI market had a good start to the week, with rates almost immediately firming to WS 115 as the market heated up. However, vessels from the UKC, Med, WAFR and even South America are now all ballasting across to flee the weaker West of Suez loading markets – roughly 15 LR1s and LR1s are making the journey. Rates have flattened, with westbound assessed at USD 2.3 – 2.325 Mn. There is enough optimism surrounding the market to suggest that rates will hold fairly steady moving into next week.

On the LR1s, enthusiasm has waned a little more as the week has gone on, with a distinct lack of long-haul demand. TC5 has been tested slightly, falling to WS 125, having started the week at WS 130.

The top of the list has stayed busy enough, with the MR stems upsizing to LR1s in absence of the smaller tonnage in the incredibly tight market, with rates between USD 320,000 – 360,000. The short-haul activity has been enough to keep the list busy moving into next week, but owners will be hoping for more long-haul demand to raise morale.

Staying East of Suez, North Asian MRs have had a sluggish week, with little of any note to report. Rates have been continuously tested as tonnage continues to outweigh cargo volumes. Korea/USWC has crumbled, with USD 1.15 Mn reported for a replacement. Korea/Australia needs testing, but can be assessed at around WS 190. Chinese exports have slowed, so the ball is firmly in charterers' court, and owners face a tough week ahead.

In the West, MRs in Northwest Europe experience plenty of fluctuations. The week began with a flurry of cargoes in response to the aftermath of Hurricane Ida, forcing rates up to WS 135 on TC2. However, the steam came out of the market pretty quickly and rates have dropped back down, with WS 107.5 reportedly on subs. WAFR premiums are around +5 points, but rates will continue to be tested into next week. The less said about TC14, the better.

In the Med, it has been another disappointing week and there remains no light at the end of the tunnel. MRs saw no pick-up, despite the fluctuations on TC2, with WS 120 reported for a typical Med/TA run. But with TC2 since dropping, we estimate the market at WS 110 for Med/TA.

Handies have fared little better, with over 20 prompt ships every day, and the market has continued to feel the pressure. We assess Cross-Med at WS 110 and ex-Black Sea at WS 115.

			BDTI	BCTI
			613	543
	Δ W-O-W		↑Firmer	↑Firmer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		595.7	599.0	597.8
Δ W-O-W		0.3	-0.1	-0.3
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-16,879	↓Softer
TD3C	ME Gulf / China	270,000	-2,057	↑Firmer
TD6	Black Sea / Med	135,000	-4,475	↓Softer
TD8	Kuwait / Sing.	80,000	3,228	↓Softer
TD9	Caribs / US Gulf	70,000	6,407	↑Firmer
TD14	Asia / Australia	70,000	6,102	↓Softer
TD17	Baltic / UKC	100,000	-2,020	↓Softer
TD20	WAF / Cont	130,000	1,990	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	12,518	↑Firmer
TC2	Cont / USAC	37,000	1,713	↓Softer
TC5	ME Gulf / Japan	55,000	10,556	↓Softer
TC6	Algeria / EU Med	30,000	WS 112.5	↑Firmer
TC7	Sing. / ECA	30,000	13,602	↓Softer
TC8	ME Gulf / UKC	65,000	WS 28	↑Firmer
TC9	Baltic / UKC	30,000	WS 143.57	↑Firmer



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