AFFINITY TANKER WEEKLY

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A variegated picture

Positive sentiment seems to be lingering in the AG as we have seen WS 39 on subs for MEG/China for early October dates, up from the WS 37.something seen until now. However, more firming in the AG is strongly needed, especially given the uncertainty lingering in the Atlantic basin. WAF is stuck in the WS 38 region - nothing more seems to be doable and the USG seems to be starting to lose ground. As they say, optimism is contagious, and we hope this holds true as it flows from the AG into the other areas.

Suezmaxes in WAF remained slow this week with only a couple of WAF/UKC-SAF fixtures reported at WS 52.5-60 for 10-11 October dates. Overall, rates remain steady. The AG, on the other hand, is seeing a bit more activity, but not enough to have any tangible effect on rates. Pretty steady/slow on this side of the world as well. However, with Aframaxes and VLCCs firming, it will be interesting to see how it develops.

Speaking of Aframaxes, in the North Sea/Baltic, the week began with quiet fixing at bottom levels. There was little change to this throughout, with owners perhaps taking some modicum of comfort from the fact that there aren't many vessels for all runs, as had been the case in recent weeks and months. Yet, despite some replacements, rates haven't budged, with TD7 coming in at WS 90 – 95 and TD17 at WS 60 – 62.5. There may finally be some light at the end of the tunnel with a healthy stem list, but much will depend on whether the tonnage lists can tighten sufficiently, and for there to be enough pressure built to force rates up significantly. In the Med and Black Sea, the week started on a busier note. Momentum was building, despite a number of ships being fixed off-market, and it has now translated to rising rates – TD19 at WS 87.5 – 90. Owners will know they need a bit more going on to really push rates higher, but the healthy-looking second decade CPC programme is kicking in and they will hope for triple digits next week. Exciting times!

On the large clean tankers, LR2 owners in the AG have done well to not capitulate to the very meagre demand that has come their way. With multiple holidays in the Far East, it is no great surprise that the naphtha trade has been so dead, but distillate trade has hardly been all that Illuminating either. TC1 is in the WS 107.5 – 110 area. Next week there will be ample tonnage in the fixing window looking for more demand and, if that demand doesn't lift soon, they we might see the resolve of some of these owners start to crack.

Unfortunately, we would only be more bearish on the LR1 segment with virtually no demand and some failing stems on the few cargos that have been put into the market this week. Next done on TC5 is likely to be no more then WS 110. Tonnage is really starting to build up so we would only go into next week with a soft point of view.

On the flipside, in North Asia, a tight LR1 market and increased cargo supply has enabled owners to leverage higher freight rates for Korea/Singapore and USD 510k is on subjects for this run. There is potential for this market to firm if any cargos emerge on prompter dates or replacement vessels are needed, but given that they are trading at a slight premium to the LR2s, potential upside could well be capped. The LR2s haven't seen as many stems and the tonnage list provides more options than the smaller units; rates for a Korea/Singapore run is trading at USD 475k but it must be said that cargos that require West optionality are not preferred by owners. With delays across the Far East, tonnage availability could further push back.

Onto the smaller sizes, AG MRs have followed a similar path to recent weeks, with the majority of cargoes being quoted on Monday and Tuesday and a rather slow end the week. Owners have managed to push rates this week as the list on the whole has been tight and owners have been waiting on September cargoes to cover before offering out in the October stems. TC12 has been really mixed and if charterers can find a boat willing East, some cheaper deals have been available with WS 125 paid twice. TC17 has moved up to WS 187.5.

MRs in North Asia never got any traction this week as there was a bit going on, but activity was never sustained. Owners have exhibited a fairly decent level of resistance against any softening thus far – Korea/Singapore closes at USD 360k levels, Korea/Oz is currently on subs at WS 175. Itineraries are currently one of the major concerns. As such, charterers are happy to opt for a safer option at last done levels. Singapore MRs have seen a very active first half of the week, with a decent amount of short-voyages, but there has been just about enough tonnage going to keep rates on an even keel – TC7 is untested, but is assessed at WS 167.5 and X-Singapore at USD 165k. As the AG market starts to attract tonnage for ballast vessels, the release of tonnage from Singapore should suggest positivity. We can only hope for a pickup in enquiry in the following week.

In the West, it has been another miserable week for the MRs, as the oversupply of tonnage weighs heavily on freight rates and suppresses TC2 to WS 95-100. Owners' sentiment is mixed as some will simply not move their vessels at these levels and others feel the need to try and keep the ships moving, or at least take out the best paying voyage.

The improvements to the TC6 tonnage list from the last few weeks didn't quite translate into any real improvements to rates this week. WS 115 has been repeated, although with the activity today, owners should be starting to push their rate ideas up, and at the time of writing, WS 132.5 has just gone on subs from Israel. The weekend will give charterers some relief and the list is likely to replenish slightly, but certainly the market looks fairly well placed to see a tick up next week.

	BDTI	BCTI
	614	487
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	592.9	599.0	598.0
Δ W-O-W	0.4	2.0	1.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-16,043	↑Firmer
TD3C	ME Gulf / China	270,000	1,989	↑Firmer
TD6	Black Sea / Med	135,000	-6,771	↑Firmer
TD8	Kuwait / Sing.	80,000	470	↓Softer
TD9	Caribs / US Gulf	70,000	1,442	↓Softer
TD14	Asia / Australia	70,000	3,894	↓Softer
TD17	Baltic / UKC	100,000	-2,082	↑Firmer
TD20	WAF / Cont	130,000	-611	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	9,624	↓Softer
TC2	Cont / USAC	37,000	-332	↓Softer
TC5	ME Gulf / Japan	55,000	7,038	↓Softer
TC6	Algeria / EU Med	30,000	WS 115	↑Firmer
TC7	Sing. / ECA	30,000	9,395	↓Softer
TC8	ME Gulf / UKC	65,000	WS 25	↑Firmer
TC9	Baltic / UKC	30,000	WS 125	↑Firmer