



01 OCTOBER 2021

Quiet times...

Despite a very quiet week on the VLCCs, we haven't seen the slide in rates that typically follow a flat market. In fact, owners' optimism was so persistent that rates went up a bit. With October stems covered in WAF and pretty much elsewhere, we can see owners patiently wait for the next batch without losing their spirits. Brazil was the only notable exception with healthy levels of activity and plenty of enquiry pushing rates higher. Still, this came at a price as we have seen a standoff between owners and charterers, each of them having opposite ideas of where the market should be. With the Golden Week ahead, we could see things getting quieter, especially for China-bound freight, however, the time off might be an opportunity for a fresh start and more syntony for the months ahead.

After a promising start of the week, Suezmaxes in WAF went quiet once again. An Egina/UKC-ECC cargo for 14-15 Oct dates was fixed for WS 55 -55 in the first half, and since then things quietened down. The AG was livelier on the other hand – AG/Med for 15-17 Oct dates at WS 27 – and we have seen a flurry of eastbound fixtures in the WS 92 for Basra/Mumbai and WS 61 for MAA/Mangalore, both for second decade of October dates. All in all, we could be seeing a firming market should next week be as active as this one.

Firm sentiment on the Aframax – with a busy second half of the week and the Libya stem program covering up to 2nd decade of October and CPC reaching up to 3rd decade. It is very likely that the week will end in the WS 100 region. Steady sentiment in the North amid a slowly thinning tonnage list. Rates are flat and the worst seems to be well behind. There are still early options to move on before things get more exciting. As they say, good things come to those who wait...

The LR2s have only had a disappointing week with very little flow over the last 5 days. TC1 has been the quietest sector of them all but a couple of inquiries would suggest that fixing on this route would have softened to around WS 105. Westbound routes have seen a little more demand and the rates this week for AG and West Coast India loading hovered around the USD 2.2 Mn mark. Listless demand at the close so we only see a flat start for next week

The LR1s have had a pretty soft time of it in regard to freight levels, but at least the activity has been stronger, albeit mainly on the short haul demand that struggles to clear ships out of the region. It turned out to be a case of good (or lucky) timing from the charterers as the prolonged period of inactivity over the last 10 days has only led to a stack of ships building up and enough candidates for each voyage that comes along. TC5 has relaxed a

little to WS 102.5 – 105 levels and we are calling westbound voyages around the USD 1.55 – 1.6 Mn area. While some of the ships have indeed been cleared out, we will still have plenty of candidates come Monday.

MRs in the AG had a bumper Monday which saw a few charterers get really caught, hence TC17 firmed to a high of WS 215 with a few deals done around this level at a time when other deals were done at WS 200 levels. But this spike in rates was due to some prompt dates and the challenges with loading from WCI at times. However, this led to charterers backing away and it has been a very quiet week since. We feel that current freight levels have peaked in the short term, and we expect to see some softening next week.

There has been plenty of activity for LR1s in North Asia this week, the tonnage list has thinned out and owners have managed to push rates beyond the increases we saw last week. USD 530k is on subjects for a Mid-China/Singapore. However, it is important to note that these levels have been achieved in ports where charterers cannot upsize to LR2s because of terminal restrictions. There is no such shortage of supply as far as the LR2s are concerned, where possible charterers are utilising the bigger units as they are now cheaper than the LR1s with USD 475k on subjects for a Korea/Singapore voyage. It is difficult to see LR1 freight continue to hold at the current levels with MRs trading at USD 320k for Korea/Singapore and LR2s at 475k. This combined with Golden Week could see freight start to ease off for the LR1s in North Asia.

It has been an uninspiring week for the MRs in the North Asia market with a lack of long-haul enquiry. Activity looked promising to the start the week, however, what cargoes comes into the market has been snapped up quickly as owners look to cover their tonnages before the Golden Week. Korea/Singapore dropped with USD 320k on subs – Korea/Oz corrected down to WS 170. With 1-2 cargoes remaining as we head into the weekend, owners look set for a pretty tough week ahead. The Singapore MRs have negatively corrected this week as well. TC7 is now paying at WS 165 and ex-Singapore is paying USD 150 k and could dip further down next week.

Busy first half of the week for the Med Handies and sentiment for owners remains firm with cross Med trading at WS 130 and owners pushing for more. However, if this rises north of WS 135 in the next week, things could get slightly tough as both Handies and MRs are almost at parity and something, or someone, would have to give - hence, the MRs could well stifle the Handies' party.

		BDTI	BCTI	
		626	496	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	591.6	597.0	595.8	
Δ W-O-W	-1.3	-2.0	-2.2	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-15,692	↑Firmer
TD3C	ME Gulf / China	270,000	3,272	↑Firmer
TD6	Black Sea / Med	135,000	-6,023	↑Firmer
TD8	Kuwait / Sing.	80,000	-505	↓Softer
TD9	Caribs / US Gulf	70,000	-3,155	↓Softer
TD14	Asia / Australia	70,000	3,502	↓Softer
TD17	Baltic / UKC	100,000	-2,026	↑Firmer
TD20	WAF / Cont	130,000	-28	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	8,565	↓Softer
TC2	Cont / USAC	37,000	-808	↓Softer
TC5	ME Gulf / Japan	55,000	4,893	↓Softer
TC6	Algeria / EU Med	30,000	WS 130.63	↑Firmer
TC7	Sing. / ECA	30,000	8,686	↓Softer
TC8	ME Gulf / UKC	65,000	WS 25	↑Firmer
TC9	Baltic / UKC	30,000	WS 130.71	↑Firmer