AFFINITY TANKER WEEKLY

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08 OCTOBER 2021

A tale of different markets

A very quiet eastern VLCC market is being partially offset by a more active Atlantic basin. TD3C has slipped to WS 40.25 from WS 40.8 seen in the first half of the week amid decreasing levels of fixing and a meagre volume of stems trickling in. The relatively large number of COAs that we have seen in the past few weeks also contributed to the erosion of momentum. WAF also softened slightly after a quiet first half of the week and now WAF/China is at WS 42.5, despite a shorter FOC list and fully resumed Nigerian loadings. The USG has been the best-performing market, with rates on the rise amid healthy demand and a tightening list - USD 5.575 Mn for USG/East is the latest, but we can expect to see more in the coming week.

The positive sentiment for Suezmaxes continued this week in WAF where we have seen a few cargoes being done in the first half. At the time of writing there are a few stems working but no fresh cargoes to report. For now, WAF/UKC is steady at WS 57.5, while eastbound rates are in the WS 72.5 levels. The market is firming in the AG as well – mostly India bound cargoes working with a single eastbound cargo for 15-17 Oct dates. We have seen Basrah/UKC at WS 30 for 18 Oct dates. Overall, sentiment remains positive here as well.

After showing signs of life last week, the North European Aframax markets have gone from strength to strength this week, with a considerable rise in rates. A lot of ships were taken out of the market quietly by charterers, tightening the tonnage lists significantly, and allowing owners to push for higher rates. Their cause was, in turn, boosted by the healthy level of activity on both crude oil and fuel oil runs. The Med and Black Sea markets have also picked up, with TD19 continuing to improve on last week's gains. Any replacement or trickier cargo has commanded higher rates as owners' confidence has grown, rising to the point where they have been happy to push for more, or even sit back.

The AG LR2s have suffered their second successive week in the doldrums, with small demand being registered on the radar. Adding to owners' woes, bunker prices soared to USD 585/T for VLFSO in Fujairah, which really hits the biggest size hard where the longest voyages west are involved. Charterers had a hard time convincing the spot market last week to do less but this week, with TC1 slumping to WS 98.5, the tone has been reset and, even with expensive costs, owners will have to start to compete downwards.

The LR1s have had a week of mixed fortunes. On the one hand, we have seen quite a bit of prompt activity that has taken up a good amount of the tonnage, but mainly on local or short-haul deals, or on MRs stems, which of course then struggle to get the tonnage out of the area. Moving forward into the more customary fixing window, there are several ships around and rates are very dull as a result. TC5 has eased to WS 102.5 – WS 105 levels. It's still a fairly uninspiring start for next week on the horizon.

MRs began the week with a lengthy position list and the first cargoes were seeing multiple offers as owners sought to take cover and, consequently, rates have fallen. TC17 is down with WS 180 being fixed. TC12 has been repeated at WS 120 levels. Overall, the list remains a little too long still and the LR sectors are also softer, so we don't predict any sharp rises in the immediate future, but more of sideways trend on freight.

Unsurprisingly, given the national holidays in North Asia, this week has been a bit of a non-event as far as the shipping markets are concerned. LR2 freight for short-haul voyages continue to be under pressure and ships are readily available, Korea/Singapore is still around USD 475k. There is a reluctance amongst owners to give westbound numbers due to the poor state of this market, which has kept North Asia/UKC high at USD 2.3 Mn. LR1 activity has also been muted, but owners are still looking to try to push freight levels for North Asia/Singapore up to the USD 550k levels. This is unsustainable given where the LR2s are but, for ports that cannot accommodate LR2s, charterers will be confronted with these larger numbers.

The North Asia MR market has seen a decent level of fixing activity so far this week and we had seen a good number of ships on subjects. Rates remain flat for now while excess tonnage starts to build up as we move towards the final decade of October. Korea/Singapore is sitting around USD 320-330k, Korea/Oz is around WS 160. The Singapore MRs remain steady as we saw a couple of short hauls being done this week. Rates remained flat for now – X-Singapore at USD 170k and TC7 at WS 165. It's not all doom and gloom as we would expect market conditions to improve next week once the holidays have finished, and the list is looking balanced as China starts exporting again.

The MRs in northwest Europe continue to trade as flat as a pancake! Owners attempted to push rates upward on the back of the rising bunker prices, but this was all in vain as TC2 was cemented at WS 100 for the whole week.

Handies in the Med started off the week with some promise, fairly busily with a well-balanced tonnage list and good activity during Monday and Tuesday. However, since Wednesday, activity has dropped off a cliff somewhat and it hasn't helped matters that some of the MRs are now seeing value in doing TC6 cargoes at cheap levels as well. As a result, TC6 has slipped five points down to 30kt x WS 125 and the outlook for next week is softer with a few ships building on the tonnage list.

	BDTI	BCTI
	668	479
Δ W-O-W	↑Firmer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	590.4	596.3	595.9
Δ W-O-W	-1.2	-0.6	0.1

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-17,154	↓Softer
TD3C	ME Gulf / China	270,000	1,694	↓Softer
TD6	Black Sea / Med	135,000	-117	↑Firmer
TD8	Kuwait / Sing.	80,000	-912	↓Softer
TD9	Caribs / US Gulf	70,000	-2,343	↑Firmer
TD14	Asia / Australia	70,000	3,135	↓Softer
TD17	Baltic / UKC	100,000	3,864	↑Firmer
TD20	WAF / Cont	130,000	3,222	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	5,458	↓Softer
TC2	Cont / USAC	37,000	-1,748	↓Softer
TC5	ME Gulf / Japan	55,000	4,155	↓Softer
TC6	Algeria / EU Med	30,000	WS 126.69	↑Firmer
TC7	Sing. / ECA	30,000	7,764	↓Softer
TC8	ME Gulf / UKC	65,000	WS 24	↑Firmer
TC9	Baltic / UKC	30,000	WS 120	↑Firmer