AFFINITY TANKER WEEKLY

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TGIF – Thank God It's Firming

A dearth of cargoes keeps plaguing the VLCCs in the AG, and the list is starting to pile up. But owners haven't been deterred, and we have still seen rates firm from WS 40 earlier this week to WS 42.5-43.5 on subs at the time of writing. Firmer sentiment seems to be contagious, as rates are on the rise also in WAF, finally! WS 45 is on subs for WAF/China, 2.5 WS points above the levels seen on Wednesday and, for now, owners' resistance is paying off. Rates are inching up also in the USG, where USD 5.4 Mn is on subs for an eastbound voyage. Firm outlook overall.

Firm sentiment is contagious also on the Suezmaxes in WAF amid a busy upcoming CPC programme and a firming USG market. WAF/Europe is now fixing in the WS 70-72.5 region. The same effect can be seen in the AG, where Basrah/Europe went on subs on Thursday at WS 45. Positive sentiment overall and the firming can be expected to continue over the weekend.

In the Aframax Med and Black Sea markets this week, more positions opened up on Monday, granting charterers a bit of respite and momentum was halted. Rates have remained flat throughout the rest of the week. Nine CPC stems are on offer for the first decade of November, so more than during the first decade of October (six), but, compared with 30 in the last 20 days of October, it probably won't be enough for the market to get heated again. However, TS delays were up to around five days and some bad weather is hitting the central Med at the end of the week, so owners' confidence remains high. Moving into next week, they'll be hoping to recover some of the points lost over the last few days.

On the other hand, northern markets have continued to strengthen, albeit only marginally (at least at face value). Although the week began somewhat quietly, positions hadn't refreshed to any notable degree over the weekend, allowing owners to continue to push slightly higher. And, while activity never really took off, owners have maintained the edge with positions failing to really build. TD7 has remained largely flat in the WS 107.5 – 110 range, while TD17 has climbed by a couple of points to WS 80 – 82.5 levels. There is still some potential for further gains with vessels continuing to be picked off and more interest in round trips to the USG, while any further rises in bunker prices will incentivise owners to push for more.

LR1 owners have taken full advantage of a tight position list in the Middle East this week, rates for TC5 have climbed incrementally throughout the week culminating with WS 125 on subjects three times as we go into the weekend. Westbound freight has also moved up; this has partly been due to the increase in bunkers and owners' antipathy towards sending ships to a weaker market, but also because of the smaller pool of vessels from which charterers have to choose. Unfortunately for LR2 owners, their market has been the polar opposite; vessels continue to ballast from the Far East and there is a veritable parking lot of ships off Fujairah. Given the freight differential between the LR1s and LR2s, the expectation is that we will see more LR2 stems enter the market in the next couple of weeks and rates will probably soften further before they stabilise.

AG MRs have been full of poise and promise all week, but the cargo flow hasn't quite materialised to the extent owners were hoping and, as such, freight levels haven't reacted as they had been hoping. TC17 is being assessed by the Baltic Exchange at WS 191, but some owners have been talking WS 200 levels. Yet, with the rising bunker prices, obtaining the usual differentials, particularly for South Africa, isn't a foregone conclusion. TC12 has firmed 5-10 points with WS 130 the present level. In the immediate future, we expect rates to remain around present levels, with the potential to firm, as the tonnage remains balanced to tight. But cargo visibility and flow need to increase.

The North Asia MRs have had a fairly fruitful week, taking a good lead from the surging bunker price and an increase in demand. Tight tonnage coupled with uncertainties in itineraries is a concern for most charterers. Korea/Singapore has been on subjects today at USD 410k and Korea/Oz at WS 170. Trading activities in the South had a slower feel but sentiment has been steady and balanced – X-Singapore is assessed at USD 175k and Singapore/Oz is on subjects at WS 165. There's still a mix of outstanding stems to be covered and, for now, owners hold the upper hand.

Finally, there was an improvement for the MRs in northwest Europe after many painful months. Higher bunker prices coupled with increased activity helped push rates up to WS 110 for TC2 and owners are striving for further gains. The tonnage list has taken some shape but there still are gaps to cover and, with TC14 trading at a mere WS 65, there is no doubt that we will see more ships ballasting to Europe

Med Handies have had a very positive week overall. After starting the week with a couple of TC6 fixtures at a disappointing WS 120, the market has managed to rebound after a bout of cargoes, a tightening position list, escalating bunker prices and weather delays causing late running replacements – as a result, X-Med is on subjects at WS 145, and now owners are talking much higher – between WS 160-180. Black Sea/Med paid on a replacement job WS 185, which is 45 points more than where we started on Monday. What a week!

	BDTI	BCTI
	719	508
Δ W-O-W	↑Firmer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	591.6	596.3	595.6
Δ W-O-W	1.2	-0.1	-0.4

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-18,791	↓Softer
TD3C	ME Gulf / China	270,000	-136	↓Softer
TD6	Black Sea / Med	135,000	638	↑Firmer
TD8	Kuwait / Sing.	80,000	140	↑Firmer
TD9	Caribs / US Gulf	70,000	16,978	↑Firmer
TD14	Asia / Australia	70,000	3,740	↑Firmer
TD17	Baltic / UKC	100,000	4,969	↑Firmer
TD20	WAF / Cont	130,000	6,211	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	2,537	↓Softer
TC2	Cont / USAC	37,000	-414	↑Firmer
TC5	ME Gulf / Japan	55,000	7,955	↑Firmer
TC6	Algeria / EU Med	30,000	WS 143.13	↑Firmer
TC7	Sing. / ECA	30,000	7,385	↓Softer
TC8	ME Gulf / UKC	65,000	WS 27	↑Firmer
TC9	Baltic / UKC	30,000	WS 120	↑Firmer