



22 OCTOBER 2021

Getting there

After a bout of activity in the first half of the week, the AG VLCC market quietened down again, at least on the surface. Still, for now, the VLCC market is keeping some momentum as late November and early December stems trickle in. WAF runs are now at WS 45 levels supported by the relatively firm AG market and can be expected to stay around these levels if USG backstops are in strong supply. USG/South Korea runs seemingly persist given an anticipated crude import rebound of circa 6.5 Mn bpd from Q4 as refineries raise run rates to lift jet fuel & gasoline prior to the nation's easing of domestic and international mobility restrictions.

On the Suezmaxes, WAF remains bullish – Brass/UKC-Durban is on subs for 9-10 November dates at WS 80-90. There are also two stems in the working - WAF/TA for 10-11 November and WAF/UKC off the same dates. The overall market sentiment is firmer. Sentiment in the AG remains positive as well with several fixtures/cargoes working. Good activity levels are keeping the market buoyed, but in the near-future we could see a pickup in stems towards India and the county's refiners gear up for increased intake of heavier crudes from the MEG as gasoil consumption intensifies.

After a somewhat tepid start to the week, with a slightly longer tonnage list and not a huge amount of activity, Aframax rates in the Med hiked up towards the end of the week. Charterers have had some cause for concern with delays in the Turkish Straits resulting in no tanker transits from Sunday, resuming only on Thursday afternoon. Charterers are looking to cover forward again for Black Sea, and owners have taken the opportunity to push for higher. The T/S delays could drop next week, but bad weather may arrive to assist in Central Med ports, so owners will look to maximise their position as best they can.

As in the Med, the North European markets started the week off stable, with a balanced tonnage list maintaining the status quo. There hasn't been more than a handful of cargoes dripping into the market on a daily basis so, despite more ballasters heading over to the USG, there hasn't been enough going on to shift rates. Little change is expected for the foreseeable future, but Russian exports are expected to rise to their highest level in November since the pandemic began, so owners will be encouraged.

The LR2 activity in the AG has been quite average this week and there have been enough ships to meet the cargo demand without too much fluctuation on freight levels. TC1 has been hovering around the WS 90 levels with some of the more compromised vessels securing WS 90 flat, while other owners are starting to suggest they would need more like WS 95 – WS 100, but there is not quite the tightness in the market to make this happen this week.

There was always going to be every chance that this week was going to be quieter for LR1s after last week's splurge of activity and that has been the case and charterers have been saved accordingly as the position list has only been tight on the front end. Eastbound demand has been quieter on the spot market but we are aware that WS 115 has been fixed for TC5 for a ship that was very much willing for that direction, representing a 10-point slip from last week. Holding well moving forward, but cargo demand is pretty thin towards the week's end.

LR1s in Asia are tight up North as a handful of enquiries earlier this week surfaced. Rates have conferenced at around USD 475,000 for the usual Korea-NChina/Spore run but owners are seemingly asking for more on the usual differentials, which so far haven't been quite fruitful. LR2s are less exciting and demand up North has gone quiet and only bits going on really. NChina/Spore was on subjects at USD 500,000 on an MR replacement earlier this week and USD 400,000 for a Korea/Spore run was also placed on subjects, both of which have failed. The LR2s are capping the LR1s but demand has just been low. Expect the North Asia market to slow down slightly.

North Asia MRs have had a fruitful week. Tonnage availability in the North has remained tight, especially for Oct loading, and most of these vessels are unable to boost a firm itinerary. Fixing window has moved towards the early-Nov window and sentiment has remained in the balance as Charterers with requirement had to be wary when entering the market. It seems some under the radar activity has seen the few available units placed on subjects. Korea/Singapore at USD 450k. Once again, it has been another uninspiring week for the Singapore MRs, but fortunately for owners, freight levels have managed to hold the line at last done levels, mainly due to high bunker prices. Singapore/Oz was fixed at WS 167.5 – X-Singapore at USD 175k.

The MRs in northwest Europe started strong off the back of an active/firm week prior, we then witnessed the momentum slowly run out and TC2 started to slump to WS 120 for both TA and WAF trades. The US market still drags its heels, so it's inevitable to continue seeing ballasters from the US looking for front haul business.

The Med Handies have had a less hectic week when compared to the fireworks we saw at the end of last week and have stabilised off. The week started a bit quieter and there was a feeling that charterers were deliberately holding back to some extent in order to take some of the heat out of things. Since Wednesday, a stable level of activity has resumed and the market is slightly fragmented, with East med looking more active but West Med is a bit more quiet and exposed. X-Med is fixing at WS 160-170 East/West Med dependent.

		BDTI		BCTI	
		755		571	
Δ W-O-W		↑ Firmer		↑ Firmer	
BDA					
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML	
This week		595.1	600.3	599.8	
Δ W-O-W		3.4	4.1	4.3	
BALTIC TCE DIRTY					
Route		Qnt	\$ / Day	W-O-W	
TD1	ME Gulf / US Gulf	280,000	-18,200	↑ Firmer	
TD3C	ME Gulf / China	270,000	2,279	↑ Firmer	
TD6	Black Sea / Med	135,000	3,974	↑ Firmer	
TD8	Kuwait / Sing.	80,000	3,151	↑ Firmer	
TD9	Caribs / US Gulf	70,000	15,218	↓ Softer	
TD14	Asia / Australia	70,000	6,526	↑ Firmer	
TD17	Baltic / UKC	100,000	4,575	↓ Softer	
TD20	WAF / Cont	130,000	8,252	↑ Firmer	
BALTIC TCE CLEAN					
Route		Qnt	\$ / WS	W-O-W	
TC1	ME Gulf / Japan	75,000	2,686	↑ Firmer	
TC2	Cont / USAC	37,000	690	↑ Firmer	
TC5	ME Gulf / Japan	55,000	7,970	↑ Firmer	
TC6	Algeria / EU Med	30,000	WS 166.63	↑ Firmer	
TC7	Sing. / ECA	30,000	7,590	↑ Firmer	
TC8	ME Gulf / UKC	65,000	WS 27	↑ Firmer	
TC9	Baltic / UKC	30,000	WS 151.43	↑ Firmer	