AFFINITY TANKER WEEKLY

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Give one, take one

The MEG was the focal point of the VLCC market this week, especially towards the end. We saw a consistent level of enquiry East of Suez, but a lot was also being done under the radar. MEG/Twn is on subs at WS 46.5 for 14-16 November dates, a premium of 0.4 WS points over TD3C BITR rates. WAF is stable and seems unphased by the lack of activity in the West as the MEG is doing just enough to keep supply at bay. Owners will be looking to the commencement of the December WAF programme to try push higher and regain some momentum. Very sporadic activity also in the Americas – Brazil/East for 14-17 Nov dates is on subs at WS 48.5 amid low appetite for Brazilian grades from Asian refiners so far.

Suezmaxes had a quiet week overall in WAF. We have seen 130 Yoho/UKC-USAC for 12-13 November dates on subs at WS 80-67.5. there are a few cargoes outstanding, most notably WAF/Tarragona for 13-14 November dates, and WAF/UKC for 12-13 November dates, and the overall market feeling for the next week is steady. The AG had a quieter week by comparison, but we have seen all Indian bound cargoes now covered – RasTan/Vizag for 17 November at WS 82 and MAF/Kochi for 17 November at WS 87.5. We have also seen BOT/Mangalore around WS 100 levels. The market can be expected to remain steady after the weekend.

On early evidence, it would appear that Aframax owners' confidence for Q4 has been vindicated. TD19 has soared to its highest level since the craziness caused by the containership running aground in the Suez Canal. As of Friday morning, the route is assessed at WS 135, roughly 7.5 – 10 points up since the beginning of the week. Cargo volume has been healthy, and delays in the TS is restricting tonnage. With the expected reopening of Central Med ports and the resumption of Libyan flows early next week the short-term outlook is positive with owners looking to continue to push for more points out of the firming market.

The good times are rolling, and these have extended to the North, too. A combination of increased fuel enquiry and a healthier Baltic crude export programme has finally allowed owners to push for more. Momentum has slowed at the end of the week, but the tonnage lists are expected to be kept in check, so no softening is expected any time soon.

The AG LR1s started the week with a lot of promise, a tight position list and a few awkward cargoes that owners could try to leverage higher freight on. Looking back at the performance, the results have been mixed; charterers have largely been adept at upsizing or shifting dates on problem cargoes, which has meant owners haven't been able to get as much control of the market as they would have liked. There has been some success though, with TC5 at WS 126 and the tonnage list well balanced in comparison to the average for the year. However, fresh cargoes have dwindled and the LR2s are still a cheaper means of moving oil, which could well restrict the cargo flow for LR1s over the next couple of weeks.

There has been a decent clear-out as far as the LR2s are concerned, rates for TC1 have moved up to WS 95, but the TCE returns for this still lags well behind the AG/UKC voyages which has moved up to USD 2.05 Mn. Rates look set to continue their incremental shift upwards and some owners are becoming more ambitious in their aspirations and more selective in their cargo choice.

It has been a slow week for the LRs in North Asia, with very little fresh cargoes and the few that have emerged have seen rates fixed at less than last done. We have seen a mid-China on subjects at USD 450k levels for an LR1, Korea/Sing is nominally around the USD 475k mark but, with no cargoes in the market, it is untested. All of the LR2 action this week has been centered around Australian North-West shelf exports, LR2s are pricing under Aframaxes and consequently there has been a large pull for these units to cover the condensate movements. There have been no backhaul cargos to speak of for the LR2s, but it's likely that most owners will fix Korea/Singapore at parity with the LR1s.

An incredibly disappointing week for Asian MR owners as the quietness has wiped most of the rates down and, as a result, tonnage is piling up. A couple of deals are being covered under the radar, so there was never any opportunity to build any momentum and rates just languish. USD 390k is on subs for Korea/Singapore and charterers will likely see this as the new benchmark – Korea/Oz came off to WS 167.5. In terms of enquiry and fixing activity, it's been a quiet week for the Singapore MRs, with the glimmers of action we have seen being kept behind closed doors. Singapore/S.China, at the time of writing, was seen on subjects at USD 320k – Singapore/Oz, untested, but assessed at WS 167.5-170. Come next week, the firming AG market should keep owners optimistic about the market.

On the UKC MRs, we saw some early extra activity on the back of a strong Handy market and multiple MRs fixed Handy cargoes, which cleared the front of the list. Long-haul cargoes have not been particularly busy, but we did see TC2 runs picking up to WS 130 by the end of the week, which is a 10-point increase overall.

Meanwhile, Handies in the Med have ticked over with a relatively steady level of enquiry and ships going on subs. However, despite this, there are very few outstanding cargoes as we near the weekend and still plenty of available ships; as a result, we have seen the X-Med runs slide down gradually to WS 145 levels and it feels steady. WS 155-160 for runs ex-Blsea.

	BDTI	BCTI
	800	566
Δ W-O-W	↑Firmer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	607.9	612.9	613.2
Δ W-O-W	12.9	12.6	13.4

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-16,998	↑Firmer
TD3C	ME Gulf / China	270,000	5,249	↑Firmer
TD6	Black Sea / Med	135,000	6,385	↑Firmer
TD8	Kuwait / Sing.	80,000	4,621	↑Firmer
TD9	Caribs / US Gulf	70,000	15,234	↑Firmer
TD14	Asia / Australia	70,000	8,023	↑Firmer
TD17	Baltic / UKC	100,000	8,644	↑Firmer
TD20	WAF / Cont	130,000	7,404	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	3,616	↑Firmer
TC2	Cont / USAC	37,000	1,654	↑Firmer
TC5	ME Gulf / Japan	55,000	8,602	↑Firmer
TC6	Algeria / EU Med	30,000	WS 146.13	↑Firmer
TC7	Sing. / ECA	30,000	7,878	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 29	↑Firmer
TC9	Baltic / UKC	30,000	WS 152.86	↑Firmer