AFFINITY TANKER WEEKLY

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Taking a breather

It's been a rather subdued week across the board for the crude oil tankers. On the VLCC front, it's been a fairly inactive week as owners and charterers clash over their ideas as to where rates should be. Volumes out of the AG have been weak, and rates on TD3C have slipped to around WS 45 levels. In WAFR, it's been a similar story, with TD15 at around WS 46-47. With little going on in the USG, the malaise has spread to the other markets.

Similarly, on the Suezmaxes, markets have been quiet and mostly stabilised. In WAFR, a replacement was reported at WS 80 for 4 – 5 November dates, but other than that, there has been little to report towards the end of the week. TD20 is assessed around WS 75 – 77.5, and it feels steady/on the softer side. It was equally quiet in the Med, with TD6 currently assessed at WS 85 – 87.5.

Up until Thursday, it had been a week of steady, if unspectacular gains for Aframaxes. On Friday, however, the markets came alive after some replacement and trickier cargoes, despite a reasonable amount of available tonnage. Moreover, there are a few volatile cargoes currently trading off prompt dates; should these materialise, there could be an even bigger jump in rates. For now, though TD17 is assessed at around WS 100, about 10 points up on the date.

In the Med and Black Sea, the week began with owners still riding the wave of momentum and some ballasters from the UKC were snapped up by charterers. But charterers were soon able to take stock of the situation. There was no real pick-up in activity and delays in the Turkish Straits and across the Med began to show signs of easing slightly. Moreover, towards middle/end of the week, tonnage built slightly and so, inevitably, charterers were able to apply some pressure to rates.

On the product side, the LRs have had a quieter week which is only to be expected after the monumental amount of vessels fixed (mainly on the LR2s) last week. Coupled with Diwali celebrations, we have had a middling week in terms of demand and activity. LR2s have stagnated a little with TC1 slipping from the mini-peak of WS 117.5 down to WS 110 on subs and Westbound voyages, which started to look like they had some momentum at the end of last week, holding steady at around USD 2,200,000 levels, but hardly tested in the open market. Positions are starting to build up a little , but owners are still holding their ground by and large and trying to hang on to last week's optimism as much as they can.

The LR1 market has been a little disjointed this week as most of the activity has been around the short-haul business in the Arabian Gulf – Red Sea and West Coast India area. Sikka/Sohar has been repeated at USD 375,000, cross Red Sea remains tight with UD 425,000 on subs for the short Yanbu/Jeddah run, and Kaz imports have been busy with the going rate for UAE load being USD 300,000. Longer haul cargos have developed towards the week's close with a 55,000mt naphtha fixture buoyant with WS 127.5 on subs for a COA lifting and Westbound voyages we see owners looking to maintain last done levels, which they perceive to be USD 1,850,000 for a Nnobi/Jubail movement but charterers have a bit more of a bearish view on the next number agreed after such a steady week for demand.

Far East LRs have been slightly slow this week with a Public Holiday in Singapore on Thursday. LR2s have experienced minimal activity and it all seems quiet out there. Korea/Spore is assessed at USD 450,000 still, but could well be tested for a straight run back into Spore-AG. LR1s also saw little going on but a few stems were being shown this week. Freight levels are expected to hold as tonnage supply isn't exactly long. Korea/Spore run is freighted at USD 450,000, parity to the LR2s for now. On a side note, delays in the North due to discharging is a factor to keep an eye on.

Middle eastern MRs have suffered this week with slowing enquiry that began last week and remained into this week. Consequently, we have seen rates suffer. TC17 has dropped heavily to WS 180; it was only last week owners were shooting just over WS 200. Earnings on this route are now just a touch over USD 8,000 per day. TC12 also has not been immune with one owner doing a cheaper rate last week (with justification on a specific ship), but as is so often the case, these deals set a precedent and others follow, so TC12 is now assessed at 35 x WS 127.5. Westbound has been fixed at USD 1.275 Mn and runs to Argentina at USD 1.35 Mn basis northern AG load. Both these rates could come under scrutiny in the next round of fixtures, but we only expect incremental softening, principally due to the continued high bunker prices. Short-haul runs are off also with USD 220,000 on subs for X-AG, off USD 10,000 from previous levels. Given the holidays towards the end of this week, owners will be hoping that we see rates pick up next week as cargo demand returns. The LR1s have slowed up however this week and, with tonnage supply lengthening here, that does bring in another factor should MRs gain traction that the sector does not. But we don't foresee too much further downside for now.

To the West, MRs in WAFR were tight from the get-go, but rates are yet to reflect this. There has been plenty of talk over the next batch of LatAm stems with owners' ideas at 37x WS 150 levels for STS Lome/Brazil, which is higher than last done. Cross-WAFR, there are bits and pieces but, as usual, a lot of smoke and mirrors, The LRs had a busy week, with a flurry of cargoes hitting the market; STS Lome/Brazil saw a slight increase to 60x WS 100 and would assess STS Lome / Argie at USD 925k levels – other stems such as Escravos / Japan fetched USD 1.425 Mn, which is up as well from last done. TC2 has softened further, meanwhile, sinking down to WS 110.

	BDTI	BCTI
	798	556
Δ W-O-W	↓Softer	↓Softer

BDA (USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	615.1	620.6	620.7
Δ W-O-W	7.2	7.7	7.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-17,547	↓Softer
TD3C	ME Gulf / China	270,000	3,924	↓Softer
TD6	Black Sea / Med	135,000	9,007	↑Firmer
TD8	Kuwait / Sing.	80,000	3,648	↓Softer
TD9	Caribs / US Gulf	70,000	11,849	↓Softer
TD14	Asia / Australia	70,000	6,654	↓Softer
TD17	Baltic / UKC	100,000	11,728	↑Firmer
TD20	WAF / Cont	130,000	9,206	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	7,898	↑Firmer
TC2	Cont / USAC	37,000	193	↓Softer
TC5	ME Gulf / Japan	55,000	7,855	↓Softer
TC6	Algeria / EU Med	30,000	WS 136.31	↑Firmer
TC7	Sing. / ECA	30,000		↑Firmer
TC8	ME Gulf / UKC	65,000	WS 28	↑Firmer
TC9	Baltic / UKC	30,000	WS 140	↑Firmer