



Ups & downs, but mostly ups

VLCC rates in the MEG continue to erode slowly and enquiry seems to have let owners down this week as we aren't seeing the increased volume many had predicted – TD3C is in the low WS 43 levels at the time of writing, compared to WS 44 seen at the beginning of the week. It's a similar story in WAF but, in this case, activity is more lively and we keep seeing ships being put on subs. Owners seem to be at a point at which they would rather fix at lower levels than wait and push for more. Meanwhile, it's very quiet in the Americas – issues of quality with Brazilian crudes seen earlier this year hammered Brazilian exports to China, which plunged by 89 per cent y-o-y, and have been replaced most prominently by Russian ESPO and Omani oils, which inevitably reduced the need for VLCCs.

The Suezmax WAF market has been lacking enquiry this week and the list remains abundant. Sentiment will stay soft for the short-term - TD20 is in the WS 70 region for now. Meanwhile, the AG market remains steady with both East and West runs holding. Currently working is AG/East off 21 Nov dates.

On the Aframax, rates in Northern Europe got a boost at the end of last week and the beginning of this after a few charterers found themselves suddenly in tricky positions, with owners happy to take full advantage. With the tonnage list tightening, TD7 has climbed to WS 130, a rise of around 15 points on the previous week, while TD17 at one point hit WS 115, a rise of over 25 points on the week, before settling down at WS 110 112.5 levels, however, the market has largely quietened down at the time of writing.

In the Med and Black Sea markets, it has been a little more uneventful as rates traded around similar levels throughout, with spurts of good activity. At times it felt as if attractive cargoes could test down, but charterers found themselves confronted by uncompromising owners, whose sentiment had been boosted by the preliminary CPC programme for December, which boasts 37 stems. TD19 is currently assessed at around WS 125 – 127.5 levels, a few points down on the week, but 15 points down on a fortnight ago. Delays in the Turkish Straits are still high, providing owners with some sort of buffer and prolonging voyages. Nevertheless, tonnage has built and there are more owners with multiple options, so charterers may move to try and test rates down next week.

We saw a surge of mid-week demand on the LR2s, with particular emphasis on distillates to the West of Suez markets. This lift in freight was largely off the back of the inquiry on Wednesday but owners remain optimistic as we approach the weekend. Westbound is now well considered at the USD 2.35 Mn levels for Nnobi Jubail/UKC. Naphtha cargoes to the Far East have

bobbled up again to WS 115 on subs for AG/Japan.

The LR1s have had a disappointing week with not a lot of demand and more than enough ships looking for cargoes to start pushing rates down. TC5 was fixed last week at WS 127.5 but today is on subs at WS 118.5, and some suspect it is set to drop lower.

There has only been a trickle of cargoes for the LR1s in North Asia this week, but rates remain suppressed with N.China/Singapore fixed at USD 450k and Korea/Australia at WS 130. The LR2 demand has been negligible however, with the AG market firming, owners will be less inclined to fix backhaul cargos at poor returns when there is the opportunity to lock in front-haul cargoes at better round trip TCEs.

North Asia MRs have seen some light towards the end of the week with cargoes being quoted under the radar. There is still plenty of ships off the list and as fixing window move towards the end November dates, waiting days for prompt vessels will be extended. Korea/Singapore, at the time of writing, was seen on subjects at USD 350k - Korea/Oz has been tested a couple of times at WS 162.5. We believe freight has bottomed out as we head into the final lap of 2021. Historically, things get busier, but it will require more cargoes next week before things can pick up. There is minimal downside and the potential for things to pick up. Bad weather occurring in the North as well might cause some itinerary to be a little uncertain.

It has been a rather dry week for the Singapore MRs and it seems like it has come to a standstill. X-Singapore is assessed at USD 155k with TC7 repeatedly done at WS 165. Tonnage remains lengthy, but owners have managed to show some resistance to prevent rates from slipping further.

After bottoming on Monday, MRs in the West have been firming progressively, gaining 20 WS points to WS 130 at the time of writing. The still relatively low number of ballasters from the US has supported MRs in the West this week, and we can expect the beneficial effect to positively impact the market moving into next week.

		BDTI		BCTI
		821		618
Δ W-O-W		↑Firmer		↑Firmer
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	618.2	622.9	623.5	
Δ W-O-W	3.1	2.3	2.8	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-18,485	↓Softer
TD3C	ME Gulf / China	270,000	1,907	↓Softer
TD6	Black Sea / Med	135,000	5,462	↓Softer
TD8	Kuwait / Sing.	80,000	2,567	↓Softer
TD9	Caribs / US Gulf	70,000	9,455	↓Softer
TD14	Asia / Australia	70,000	5,978	↓Softer
TD17	Baltic / UKC	100,000	15,466	↓Softer
TD20	WAF / Cont	130,000	4,954	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	9,112	↑Firmer
TC2	Cont / USAC	37,000	2,391	↑Firmer
TC5	ME Gulf / Japan	55,000	6,108	↓Softer
TC6	Algeria / EU Med	30,000	WS 177.5	↑Firmer
TC7	Sing. / ECA	30,000	6,861	↓Softer
TC8	ME Gulf / UKC	65,000	WS 27	↑Firmer
TC9	Baltic / UKC	30,000	WS 145.36	↑Firmer