



It's that time of the year...

It was a very slow week on the VLCCs, with little to talk about on the surface. One can't help but think that Chinese business continues to rumble on behind the scenes as the occasional ship seems to disappear from the list, but that's nothing new. Demand isn't hitting us fast enough to chip away at the brick wall of a tonnage list. Meanwhile, with bunkers correcting down amid a weaker crude complex, charterers have managed to squeeze the already fragile rates just a little more. For now, MEG/East is at WS 41.5 – 0.3 WS points below the latest BTR assessment. WAF/China for late 2nd decade of December is on subs at WS 44, slightly above BTR levels, but with the current dearth of cargoes, we can expect a re-correction.

There has been a bit of movement on the Suezmaxes in WAF this week, but rates and sentiment keep testing down amid the lack of demand and solid spare capacity. TD20 lingers in the WS 58 levels and overall sentiment is soft. The AG remains flat as a pancake with most Indian cargoes covered. BOT/Turkey is on subs at WS 35 for 10 December dates.

Aframax rates in the North and Baltic Sea were tested strongly at the end of last week and beginning of this. Activity has slowed significantly, with tonnage lists building as a result. Maintenance work at Primorsk ahead of the peak winter season has resulted in reduced volumes for the first decade of December. Thereafter, however, signs are more promising, with more volumes set to hit the market and owners can be hopeful of better times around the corner.

Rates have similarly slumped in the Med and Black Sea markets, and it's been a similarly quiet week down here, with tonnage building up and providing charterers an abundance of options. Lists have grown to the extent that a lot of activity will be required to push the market back towards balance.

We have only seen a disappointing level of demand in the AG LR2 sector this week with an unusually small amount of cargo being worked as charterers seem to be taking their time before the next round of more significant demand rolls in. Rates have relaxed where tested with WS 112.5 on subs for a modern ship for TC1. Earnings are down to around USD 9,500 for the same route.

The AG LR1 market started this week with a torridly dull time of it, but as of Friday morning, quite a lot more ships have gone on subs as public and private cargoes have been worked. With the considerable amount of

tonnage available to charterers, we are not surprised to see that rates have only softened. TC5 has been repeated by a few more ships in the WS 107.5 – WS 110 area. Aspirations of WS 115 will have to wait for another time as we have seen ships mount up in the fixing window. Earnings are pretty paltry at around USD 4,500 – 6,600 per day on the round trip voyages so there will be some owners that might start putting up proper resistance, but we will have to wait till next week to see how needy folks are moving forward.

Fixing has been sporadic in North Asia this week. Nearly all of the action has been around the LR1s and while the number of units available aren't plentiful, rates are still woeful, USD 425k is on subjects for a Korea/Singapore cargo. The tonnage list is very tight and this paucity of vessels should mean that if we do see a rush of cargoes, freight could move up quickly off this low base. LR2 cargoes have been negligible but there have been rumours circulating of USD 400k on subjects for a backhaul cargo. With a plentiful list and rates in the AG under pressure, we expect rates to remain steady next week.

It has been a lacklustre week in the Singapore MR market, which has seen rates come under further pressure also due to the sheer amount of prompt tonnage available. X-Sing is at 145k, and TC7 remains untested but assessed at WS 155-160. After a slow start to the week, activity has begun to pick up in the North Asia MRs as we see more fresh stems and fixing activity. However, rates continue to hover around last done levels due to the sheer amount of tonnage available off the natural fixing window. Korea/Singapore is around USD 360-370k – Korea/Oz at WS 165.

MRs in the UKC saw a decent improvement this week. A shortage of tonnage, coupled with some late running ships against a steady volume of enquiry, has shifted rates up to WS 160. Weather delays continue to add to further disruption, which should only support current levels in the short-term. The US market has softened a touch so we can expect to see some ballasters taking the decision to head to Europe.

Med Handies have had a pretty quiet week all in all and rates haven't really moved from the WS 140-145 levels. However there has been sufficient activity going on so that the list has gradually been tightening up enough that, if we do see an influx of cargoes, then the market is in a good position to rebound going forward. With swells in the Med, paper trading at WS 180 for Dec, we would expect to see some gains next week, but let's see.

		BDTI		BCTI
		745		628
Δ W-O-W		↓Softer		↑Firmier
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	617.1	621.3	623.1	
Δ W-O-W	-7.1	-7.0	-4.9	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-19,194	↓Softer
TD3C	ME Gulf / China	270,000	135	↓Softer
TD6	Black Sea / Med	135,000	-4,396	↓Softer
TD8	Kuwait / Sing.	80,000	573	↓Softer
TD9	Caribs / US Gulf	70,000	6,579	↓Softer
TD14	Asia / Australia	70,000	4,816	↓Softer
TD17	Baltic / UKC	100,000	7,291	↓Softer
TD20	WAF / Cont	130,000	477	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	7,783	↓Softer
TC2	Cont / USAC	37,000	7,851	↑Firmier
TC5	ME Gulf / Japan	55,000	4,388	↓Softer
TC6	Algeria / EU Med	30,000	WS 140.63	↑Firmier
TC7	Sing. / ECA	30,000	6,754	↓Softer
TC8	ME Gulf / UKC	65,000	WS 27	↑Firmier
TC9	Baltic / UKC	30,000	WS 168.57	↑Firmier