# AFFINITY TANKER WEEKLY

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Affinity Research LLP, 44th Floor,
The Leadenhall Building, 122 Leadenhall Street,
London, EC3A 8EE, United Kingdom

T. +44 203 142 0100
F. +44 203 142 0101

E. research@affinityship.com
W. affinityship.com

## Mixed emotions

It has been a quiet and soft week for VLCCs. Volume is very thin on the ground, and tonnage is well supplied across the board. In the East, it is the amount of compromised tonnage that prevents rates from taking off, while in WAF it is the sheer number of ships waiting. And now, with a weaker crude complex, bunkers are coming off their highs, which will inevitably put some pressure on rates. Charterers will be expected to continue to try and chip away at the already dire rates. MEG/China is on subs at WS 40 for 16-18 Dec dates, and so is WAF/China at WS 41 for 26-28 Dec dates, both on par with the latest Baltic assessments at the time of writing.

After a very quiet start of the week, the Suezmaxes in WAF started to see some enquiry from Thursday onwards. We can expect rates to start ticking up if this momentum keeps going beyond the weekend - owners are already applying some pressure. For now, TD20 is steady in the WS 58 region, and there are four cargoes working at the time of writing. The AG remains steady with a few cargoes being worked here as well – with the level of volumes we're seeing being worked worldwide, it is likely that it will have a knock-on effect in the markets East of Suez as well. AG/WCI-Sing is on subs at WS 72.5-65 for 13-15 Dec dates at the time of writing.

Aframax rates in Northern Europe inevitably came under further pressure this week, slumping to new lows. Charterers have found themselves with myriad vessels from which to choose, so have been testing rates down consistently. A lot of tonnage has built, but there has been more activity at the end of the week, including fuel, so we've found the bottom and some of the early tonnage is being cleared. In the Med and Black Sea, the week started torridly. On Thursday, however, rates were lifted off the bottom with poor weather and straits delays limiting tonnage. TD19 closed on Thursday five points higher at WS 95, but the weather in the Black Sea is expected to improve from the 5th. Sentiment has improved markedly however, and owners will continue to push for higher and rates ex-CPC could firm further as we move into next week.

AG LR2s have really limped along this week with another five-day working spell with small demand and rates rolling along the floor. Demand has been poor with a fresh load of NB vessels in the North taking product as well as the LR1 sector being the preferred vehicle of choice for the traders this week for naphtha deliveries. Owners will be looking keenly at next week to see if there is to be a lift on product deliveries on the LR2 side before the end of the year, with laycans already being quoted in the 16-21 December window, charterers are really stretching forward. One area of respite for this frankly dull market sector is that VLSFO bunker prices globally have slumped quite markedly. TC1 is on subs at WS 108.5 at the time of writing.

The AG LR1 market has only seen a busy time of it with a whole host of ships on subs over the last five days. We are seeing a lot of the deals happening quietly under the rada,r which is also an indication that freight levels are nothing all that exciting. TC5 has moved away from the lowest levels of WS 107.5 from last week to more like WS 112.5 - WS 115 areas today. The ships have cleared out but there are still some left, if demand continues like this next week, then we would likely see a positive reaction on freight.

It has been a positive week for LR1s in North Asia in terms of cargo volume coming into the market. The much-anticipated increase in the Chinese export quota has meant that we have seen more stems from China in particular. Sadly for owners, rates have not correlated positively with cargo volume as there have been many ex-drydock ships which absorbed this extra cargo at poor returns. Korea/Singapore is on subjects at USD 395k on an ex-drydock ship. However, looking at the tonnage list, a lot of the low hanging fruit in terms of compromised tonnage has been picked. And with the MR market firming, a few more stems for the LR1s next week could well result in higher freight levels for backhaul cargos. It's been heavy-going for the LR2s again this week, there hasn't been much fixing in the market although there have been some off-market deals concluded.

North Asia MRs have been busier, but rates have seen limited progress. Korea/Singapore is at USD 380-390k – Korea/Oz, untested, but assessed at WS 170. With bunker prices coming off, earnings are better for Owners, and they will look to push further but the limiting factor is capped by the LRs. The list is looking healthier and tighter especially off the front-end but could potentially see a couple of previous short-haul vessel runs opening. Next week will see how the month moves on. Unfortunately for owners in the Singapore MR market, the list pulled on Monday morning set the tone. With prompt vessels sitting around, there was only one direction in which rates were heading. X-Singapore slipped to USD 120k levels – Singapore/Oz is now trading at WS 155. Charterers are set to keep the pressure on following the weekend after the list has replenished.

It has been another encouraging week in NWE: a steady stream of cargoes continued to narrow the tonnage list, leaving TC2 trading around WS 160. There are still some gaps to cover but sentiment remains strong with many owners as we enter the final few weeks of the year.

It was a quiet week overall for the Med Handies; we haven't seen a lot of cargoes being quoted and there is still a long list going into the weekend; X-Med has been trading at WS 140 all week but, with some weather delays expected over the weekend, owners will be hoping that rates will pick up.

| | BDTI | BCTI |
|---|---|---|
| | 727 | 646 |
| Δ W-O-W | ↓Softer | ↑Firmer |

**BDA**

| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML |
|---|---|---|---|
| This week | 606.8 | 610.1 | 611.1 |
| Δ W-O-W | -10.4 | -11.2 | -12.0 |

**BALTIC TCE DIRTY**

| | Route | Qnt | $ / Day | W-O-W |
|---|---|---|---|---|
| TD1 | ME Gulf / US Gulf | 280,000 | -17,211 | ↑Firmer |
| TD3C | ME Gulf / China | 270,000 | 731 | ↑Firmer |
| TD6 | Black Sea / Med | 135,000 | -2,940 | ↑Firmer |
| TD8 | Kuwait / Sing. | 80,000 | 1,433 | ↑Firmer |
| TD9 | Caribs / US Gulf | 70,000 | 10,581 | ↑Firmer |
| TD14 | Asia / Australia | 70,000 | 6,457 | ↑Firmer |
| TD17 | Baltic / UKC | 100,000 | 7,609 | ↑Firmer |
| TD20 | WAF / Cont | 130,000 | 2,934 | ↑Firmer |

**BALTIC TCE CLEAN**

| | Route | Qnt | $ / WS | W-O-W |
|---|---|---|---|---|
| TC1 | ME Gulf / Japan | 75,000 | 8,287 | ↑Firmer |
| TC2 | Cont / USAC | 37,000 | 10,425 | ↑Firmer |
| TC5 | ME Gulf / Japan | 55,000 | 6,640 | ↑Firmer |
| TC6 | Algeria / EU Med | 30,000 | WS 140 | ↑Firmer |
| TC7 | Sing. / ECA | 30,000 | 6,875 | ↑Firmer |
| TC8 | ME Gulf / UKC | 65,000 | WS 27 | ↑Firmer |
| TC9 | Baltic / UKC | 30,000 | WS 185.71 | ↑Firmer |