AFFINITY TANKER WEEKLY

17 DECEMBER 2021

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Preparing for the end of the year…

AG VLCCs saw a slight uptick in rates as the natural window moved forward. MEG/China has been repeated several times at WS 40 for late December dates, on par with the WS 40.05 assessment from the Baltic Exchange, and we could see some further gains as the window moves well into January. In the West, we saw some activity and rates moved along accordingly - WAF inched up to WS 41.55 according to the latest BITR assessment. WAF/China is now on subs at WS 41.5 for 9-11 Jan dates. Elsewhere, rates remain steady as fixing/failing and a lack of cargoes outstanding is capping any movement upwards.

Enquiry for Suezmaxes in WAF remained low this week, which resulted in an inevitable downwards correction of freight rates. TD20 is now steady/soft at WS 72.5 and, as the tonnage supply remains adequate for the natural window, we can expect some further testing. Still, not all hope is lost, as there are a few WAF/Med cargoes currently working for early January dates, which might put a floor to rates, if not give them a boost. Looking East, the Suezmax AG market is flat as a pancake with nothing major to report. Rates here can be expected to keep in line with last done.

Onto the Aframaxes, the Baltic market has surged this week as charterers started to cover cargoes with ice class tonnage, which is a little earlier than usual. This is the case for all the Baltic ports, except perhaps for Tallinn, and the markets have tightened to reflect this. Owners' sentiment has steadily improved and, over the course of the week, those with ice class vessels have been happy to either push or sit back and wait for the right cargo. But the positive sentiment has spread to even the non-ice section of the market, despite the lack of real consistent activity. As such, now only the most attractive cargoes will probably be repeated at last done, with owners looking to seize the opportunity to push for higher rates on anything else.

In the Med and Black Sea, meanwhile, there was a positive start to the week as cross-Med activity picked up. Charterers have been trying to fix early January Black Sea dates on the quiet and fixing forwards to try to avoid delays or replacements over the Christmas period. But this hasn't stopped owners from trying to push for more and rates have climbed steadily. Since the majority of the straight-forward Black Sea open positions have been picked off, we don't expect this market to ease off next week and, as both sides look to cover over the festive season, this often leads to stability.

Looking at the product side, the LR2s in the AG managed to command better rates, aided by a decent volume of stems and a tight list that inevitably boosted rates upwards. We see some sparks on westbound voyages with daily TCEs in the USD 25,000 – 27,000 region, the highest so far this year, with rates at USD 2.5 – 2.55 Mn levels. Eastbound can be assessed at WS 120 – 125 amid a lack of good quality tonnage - last done was seen at WS 115. NB VLCCs and Aframaxes could spoil the party next week by mopping up all the remaining cargoes, but again, optimism is more suited to this time of year…

LR1s had a rather busy week, albeit not as spectacular as the LR2s. Rates remained largely steady – TC5 is now on subs at WS 135, from the peak of WS 137.5 seen earlier. Similarly, in the Far East, LRs remained steady, with freight rates moving up, but then softening towards the end of the week.

Looking at the smaller sizes we can see a similar story. After peaking, TC17 lost some momentum in the latter half of the week and, with the holidays looming, owners seem to be willing to fix for lower than last done. Meanwhile, North Asian MR rates kept climbing and, thanks to a tight list, we can see owners clinging to last done levels. Korea/Oz is on subs in the WS 195 – 198 range, and TC10 is fixed at WSD 1.35 Mn. Looking South, owners ballasting their ships up North and towards the AG relieved some pressure in Singapore, with the inevitable rate hike as a result. Singapore/Oz at the time of writing is at WS 175- 180, and X-Singapore is at USD 175k. Looking ahead, there are still a few cargoes left, and the fixing window has now extended into January, which could provide some support as we enter the last weeks of the year.

In the West, MRs had a rather quiet week, plagued by slow cargo enquiry and a replenishing tonnage list. TC2 is now at WS 170, but we could see some further pressure mounting next week as several ballasters are coming into the UKC from WAF.

On the smaller sizes, Med Handies had a very quiet time this week, especially when compared to the frenzy of the previous one. TC6 has relaxed to WS 280, from the WS 320 we saw on Tuesday, and we could see some further softening going forward, especially as the holiday mode kicks in.

	BDTI	BCTI
	801	818
Δ W-O-W	↑Firmer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	596.0	598.6	599.8
Δ W-O-W	-5.7	-6.1	-6.7

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-17,718	↑Firmer
TD3C	ME Gulf / China	270,000	891	↑Firmer
TD6	Black Sea / Med	135,000	6,732	↑Firmer
TD8	Kuwait / Sing.	80,000	3,412	↑Firmer
TD9	Caribs / US Gulf	70,000	17,350	↓Softer
TD14	Asia / Australia	70,000	6,979	↑Firmer
TD17	Baltic / UKC	100,000	22,925	↑Firmer
TD20	WAF / Cont	130,000	9,260	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	12,578	↑Firmer
TC2	Cont / USAC	37,000	12,092	↓Softer
TC5	ME Gulf / Japan	55,000	11,370	↑Firmer
TC6	Algeria / EU Med	30,000	WS 275	↑Firmer
TC7	Sing. / ECA	30,000	10,166	↑Firmer
TC8	ME Gulf / UKC	65,000	WS 29	↑Firmer
TC9	Baltic / UKC	30,000	WS 223.93	↑Firmer