



## New year, but little change (for now)

It's been a quiet and underwhelming start to the year for the VLCC markets. Rates have slid since the turn of the year and TD3C is down to around WS 37 basis 2022 flats (around WS 40 basis 2021 flats), while TD15 is only a fraction higher at WS 37.5 (WS 41-ish basis 2021 flats).

In reality, tonnage lists are fairly short, but there will need to be a substantial increase in activity to grant owners the impetus to push rates higher. News that Opec+ will continue to increase production through February provides some scope for optimism, but little improvement is foreseen over the coming days.

On the Suezmaxes, it has been little better. There has been very little cargo volumes of which to speak in both the Med and WAFR markets and rates have been pressured. TD6 is down to around WS 60 – 62.5 levels (around WS 65 – 67.5 basis 2021 flats), which is down by roughly 10 points since before the Christmas period. TD20's drop has been less pronounced, with the current level of WS 55 around 2.5 – 5 points down since before Christmas. We are hopefully at the bottom now for both markets.

It's been a mixed start to the year for Aframax. The formation of ice in the Baltic markets gave Aframax owners with the relevant tonnage a significant boost over the Christmas period and beginning of the year. These select owners were able to squeeze significant gains out of charterers and, when the Baltic Exchange re-opened on Tuesday, rates on TD17 were assessed at WS 130 (basis 2022 flats), which equates to around WS 140 basis 2021 flats. Since the start of the week, however, activity has dropped and there hasn't been enough to sustain those levels. Rates fell under pressure and rates for ice-class vessels are down to around WS 112.5 - 115 (WS 125-ish basis 2021 flats) at the time of writing, with more weakness possible to follow.

Owners in the Med and Black Sea will also be considering taking their tonnage across the Pond after the tough start to 2022. It has been a very quiet start to the year and charterers have been squeezing more and more points out of owners. TD19 is down to WS 82.5 – 85 basis 2022 flats (WS 90 in 2021 flats), which we hope should be close to the bottom of the market.

On the product side, the LRs in the AG haven't fared any better. Demand for LR2s disappeared and the tonnage list has built up on the

front end. TC1 is around WS 100 (WS 110 basis 2021 flats), but it remains untested. Westbound, an AG/UKC run is assessed at USD 2.25 Mn, and LR2s will probably remain under pressure in the short-term.

It's been a pretty underwhelming week on the LR1 side, too. However, a slow start to the week gave way to a more active clear-out of tonnage on the front-end as the week came to a close. Still, rates appear to have bottomed with TC5 repeated at WS 100, which is a sharp fall from the prior week. Rates on westbound voyages have also eased, with AG/UKC down at USD 1.675 Mn, down by USD 0.05 Mn since the start of the week. Still, the reduction in tonnage means that LR1s are likely to hold moving forward.

MRs in the AG have come under pressure due to the softening LRs, despite tonnage coming in below the 12-month average. TC17 has softened slightly since the turn of the year, down by around 2.5 points at WS 177.5 basis 2022 flats.

TC12 has been very quiet, with little done there, and is currently assessed at around WS 120 basis 2022 flats. The Red Sea remains positive, however, with very tight tonnage and owners will be looking to fix higher there. USD 590,000 is reportedly on subs into Suez.

To the West, it's also been an underwhelming start to the year, with only a trickle of cargoes hitting the markets on the MRs and rates settling. TC2 is around WS 140 basis 2022 flats (equating to WS 155 basis 2021 flats), which is around 5 points below where the market ended 2021. Premiums to West Africa are around WS 145 – 150 levels.

Tonnage has replenished but there are still delays due to weather and congestion at ports, which have prevented rates from falling further. Ice-class tonnage has started to build, which is making the list appear longer as owners seek to take advantage of their ice vessels, with Baltic liftings paying WS 175 TA and UKC options.

Handies are being tested as the list lengthens and cargo volumes fall, but we assess WS 200 levels for Baltic/UKC voyages.

It's also been fairly quiet in the Med on the Handies, with TC6 starting at WS 220 levels basis 2022 flats, before sliding to WS 190 by the end of the week. It's been a similar story for the MRs, with little volume in the market, although rates on Med/TA has remained supported at WS 140.

		BDTI	BCTI	
		711	642	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	591.0	593.3	594.5	
Δ W-O-W	-2.1	-1.3	-1.1	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-20,150	↓Softer
TD3C	ME Gulf / China	270,000	-760	↓Softer
TD6	Black Sea / Med	135,000	-3,625	↓Softer
TD8	Kuwait / Sing.	80,000	3,120	↓Softer
TD9	Caribs / US Gulf	70,000	3,527	↓Softer
TD14	Asia / Australia	70,000	6,320	↓Softer
TD17	Baltic / UKC	100,000	31,849	↑Firmer
TD20	WAF / Cont	130,000	1,646	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	6,976	↓Softer
TC2	Cont / USAC	37,000	7,145	↓Softer
TC5	ME Gulf / Japan	55,000	4,126	↓Softer
TC6	Algeria / EU Med	30,000	WS 185.63	↑Firmer
TC7	Sing. / ECA	30,000	8,607	↓Softer
TC8	ME Gulf / UKC	65,000	25.00	↓Softer
TC9	Baltic / UKC	30,000	WS 218.57	↑Firmer



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