



Are winter blues affecting the tanker markets too?

Once again, the week ended with nothing concrete for VLCCs, as both the AG and the Atlantic Basin remain stuck in their ranges. MEG/China is on subs at WS 35.5 for 8 – 10 Feb dates. WAF/East-WCI is on subs at WS 37-38.5 for 12 – 14 Feb dates.

Positive sentiment in WAF is keeping the Suezmax market on the steady/firmer side. After a week with plentiful inquiry, we can expect owners to push further with the current bunker prices and the tighter list. TD20 in the WS 57.5-60 range. The Med is steady and holding in line with last done for both short- and long-haul runs. Meanwhile, the AG slowed down a bit towards the end of the week, but rate levels are remaining steady.

More points were lost in the Baltic and North Sea Aframax markets this week. It has been a very slow week, with rates on TD7 now down to around WS 95 levels, pretty much at the bottom. There had been some movement earlier in the week as a couple of fuel cargoes hit the market, but one of these was covered on a Suezmax, and optimism quickly faded. The outlook isn't positive, with more cargoes and activity needed for rates to start moving upwards, but this doesn't look likely with word of just fifteen stems 1-10 Feb Baltic, versus 19 in Jan.

In the Med and Black Sea, the positives from last week were still present early on and rates topped out around WS 110-112.5 for Black Sea, rising above WS 100 on TD19 for the first time in almost two weeks. However, mid-week onwards saw a calmer state of play, so charterers began to sit back and rates fell under pressure again, sliding a few points down to WS 97.5 – 100. Suezmaxes were in play here at the top levels, but already Aframax levels could be too low again to attract interest.

On the products side, if LR2s in the AG last week found the bottom, it seems that this week they have started digging. TCEs are now in danger of falling below zero, pressured by a toxic combination of massive competition for stems, as well as very high, rising bunker prices. Thankfully there has been better demand over the last three days, during which charterers have taken advantage of better USD/MT freight costs when compared to LR1s, but still a lot of ships remain to be cleared out. TC1 has sunk to WS 75 going on subs as of yesterday, and overall we expect that there will be some time that needs to pass before we see any positivity in this market.

It was a fairly busy week for the LR1s, with enough demand to clear out a lot of the prompt tonnage list. As of Friday, demand has thinned out, and owners seem to start getting wary given the dire conditions of the LR2s. Rates are flat, with TC5 on subs at WS 97.5. With fewer ships around to offer on all the options that charterers might need, we can expect rates to remain stable. After all, earnings are already quite pitiful and owners will be looking to push for more next week if there is normal demand and the list remains this thin.

AG MRs survived this week without thriving, plagued by consistent fixing in the shadows, which hasn't helped market transparency. TC17 has firmed overall to WS 190. The position list has been contracting throughout the week, noticeably on the prompt, but negative sentiment from the LR1s has played a part in dampening owners' ambitions and we have seen incremental increases only.

Challenging times persist, and the sheer amount of tonnage is just saturating the market on the Far East MRs. Pressure from the LR1s has once again pushed rates down, and this has been compounded by an already lengthy tonnage list. Add to this skyrocketing bunker prices, and the picture (and earnings) look pretty bleak. Still, not everything is lost, as we saw some activity pick up later in the week, and this gives us a glimmer of hope as we head into the weekend. And with the imminent Lunar New Year holidays coming up, we could see a small burst of activity before things get quiet once again. For now, Korea/USWC is at USD 1.125 Mn levels, and Korea/Oz is untested, but it can be assessed at WS 150. Singapore MRs remains woeful, with charterers being spoilt for choice and yet are still squeezing every last drop from freight levels. X-Singapore is trading at USD 130-140, and Singapore/Oz remains untested, but we can assess it at WS 145-147.5.

What a poor show for the UKC MR's this week! The lack of activity pushed transatlantic freight to WS 130 on Friday. The Baltic ice market has really tumbled as ice class tonnage continues to build for January dates, but there are no cargoes left to cover - opening fixtures fell by 5-10 points at a time, and 30KT Baltic/UKC is now settled at WS 170.

In the Med, freight kept decreasing, while bunker costs aren't showing signs of cooling down. Overall, the week ended on a slow note. X-Med is trading at WS 150 levels, and ex-BIsea stems command a 15-point premium on top of that.

		BDTI	BCTI	
		691	558	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	595.5	598.1	599.0	
Δ W-O-W	3.3	2.9	2.6	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-25,040	↓Softer
TD3C	ME Gulf / China	270,000	-6,369	↑Firmer
TD6	Black Sea / Med	135,000	-3,635	↑Firmer
TD8	Kuwait / Sing.	80,000	1,746	↑Firmer
TD9	Caribs / US Gulf	70,000	-230	↑Firmer
TD14	Asia / Australia	70,000	4,085	↑Firmer
TD17	Baltic / UKC	100,000	11,270	↑Firmer
TD20	WAF / Cont	130,000	-1,324	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	-2,093	↓Softer
TC2	Cont / USAC	37,000	3,145	↑Firmer
TC5	ME Gulf / Japan	55,000	2,045	↓Softer
TC6	Algeria / EU Med	30,000	WS 152.19	↑Firmer
TC7	Sing. / ECA	30,000	5,555	↑Firmer
TC8	ME Gulf / UKC	65,000	25.00	↓Softer
TC9	Baltic / UKC	30,000	WS 175	↑Firmer