



In the quicksand

Another quiet week has gone by for VLCCs. The AG remains very quiet with minimal activity going on. MEG/Thai is on subs at WS 32, while TD3C is slightly higher at WS 33.9 levels. Activity in WAFR wound down as the week went by. WAF/China is on subs at WS 35 at the time of writing. Minimal activity also in the rest of the Atlantic basin with nothing major to report.

This week ended up on a quiet note for Suezmaxes in WAFR. Cargoes dried up and, as a result, rates started to slide a bit. The AG remains active, however, a relatively lengthy tonnage list is putting a cap on any possibility of increase in rates. The Med remains quiet, with nothing major to report and rates swinging sideways.

2022 had started on a positive note in the North and Baltic Sea Aframax markets, but rates are now firmly entrenched at the bottom. There is plenty of both ice and non-ice tonnage available to charterers and enquiry has been consistently limited. Inevitably, a couple of points were chipped off ice class rates, with the “premium” slipping further. TD17 has fallen to its lowest level this year at WS 80, roughly 2.5 – 5 points down on last week. Worse still, the North Sea’s weak February program is offering little encouragement to owners for the current fixing window.

Things in the Med and Black Sea markets are a little better, but that really isn’t saying much. Plenty of prompt and early vessels have been cleared now, but this has been offset by the relatively low levels of activity. The result has been balanced markets, in which rates have been largely unchanged. Over the course of the week, TD19 has remained at WS 100 – 102.5 levels. Some charterers have covered well ahead now and the tonnage being picked off is being targeted by charterers who are not under time pressure, meaning those owners have little impetus with which to push.

Looking at the product tankers, LR2s in the AG spent another week in the quicksand: moving means enduring fast-sinking TCEs, and not moving just delays the inevitable. There weren’t any naphtha cargoes for TC1, which can be assessed at WS 72.5.

LR1s saw some more action towards the end of the week, but activity was restricted mostly to short-haul runs in the AG/RSea and WCI area. Like the LR2s, naphtha runs were very quiet, but at the week’s end, we

saw a paltry 3-point increase with WS 98 on subs for TC5. The list is relatively balanced with good ships and perhaps there will be some small increases next week.

Predictably, with the CNY holidays it has been a stop-start week for the North Asia LRs. We saw a handful of North Asia/Australia LR1 cargoes towards the end, but rates dropped to WS 110 levels and the likelihood is that we will see Korea/Singapore slide to less than USD 500k. LR2 cargoes have been absent this week and, as a result, rates have been rolling towards the bottom. Looking ahead, it is likely that we will see some more demand from China after the holidays. The LR1 list remains tight for any LR1 specific load port, and we could even see a bump in freight. Still, with the LR2s as weak as they are, most charterers are likely to be looking to move cargo on these units where possible.

MRs in the AG have had a solid week overall. TC17 firmed to WS 195 and then less was done on a compromised unit, which now leaves owners trying to claw back those gains and establish WS 195 levels again. The outlook ahead is more of the same as the fixing window moves towards 15-20 February dates.

In the Far East, this was a rather dull week for MRs amid the lull of the Lunar New Year holidays. North Asia saw some enquiry slowly trickle down, but not enough to positively impact rates, quite the opposite. Korea/Singapore is on subs at USD 370k, and Korea/Australia is at WS 165 - 167.5 levels. Similarly, Singapore MRs remained quiet amid a lack of cargoes. TC7 is now down to WS 150-152.5.

Lots of empty promises on the West MRs this week. There was a significant volume of enquiry advertised for deliveries to Argentina, many of which were then withdrawn by the end of the week. Nevertheless, the tonnage list tightened up and TC2 managed to edge up to the equivalent of WS 145 for a modern ship. The Handies have enjoyed a healthy gain this week as a surge of enquiry against a short tonnage list pushed rates up to WS 207.5 for Baltic/UKC.

It was a quiet week overall for the Med Handies - there was some chatter towards the beginning of the week that things were likely to firm due to the bad weather. However, the storm has passed and there hasn’t been enough cargo volume to push rates up, and consequently the market has softened down to WS 165 for TC6. Looking ahead, further softening is quite likely, amid a calm weather forecast and prompt tonnage piling up over the weekend.

		BDTI	BCTI	
		679	587	
	Δ W-O-W	↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	622.5	624.6	626.7	
Δ W-O-W	20.8	19.0	19.9	
BALTIC TCE DIRTY				
	Route	Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-26,358	↓Softer
TD3C	ME Gulf / China	270,000	-8,330	↑Firmer
TD6	Black Sea / Med	135,000	-642	↑Firmer
TD8	Kuwait / Sing.	80,000	1,313	↑Firmer
TD9	Caribs / US Gulf	70,000	167	↑Firmer
TD14	Asia / Australia	70,000	3,317	↑Firmer
TD17	Baltic / UKC	100,000	3,951	↑Firmer
TD20	WAF / Cont	130,000	2,277	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ WS	W-O-W
TC1	ME Gulf / Japan	75,000	-3,832	↓Softer
TC2	Cont / USAC	37,000	5,030	↑Firmer
TC5	ME Gulf / Japan	55,000	1,568	↑Firmer
TC6	Algeria / EU Med	30,000	WS 165	↑Firmer
TC7	Sing. / ECA	30,000	5,909	↑Firmer
TC8	ME Gulf / UKC	65,000	24.62	↑Firmer
TC9	Baltic / UKC	30,000	WS 199.29	↑Firmer