



“We're caught in a trap, I can't walk out” – Elvis Presley (and owners)

The VLCC market remained soft this week, plagued by fixing under the radar, with an obviously detrimental impact on rates - both TD3C and TD15 kept trickling down very slowly, with high bunker prices being the only factor combatting major drops. Still, the MEG is seeing some cargoes being slowly fed into the market for the third decade, and also in the West, the USG market is seeing some fixing going on. Meanwhile, lists are getting longer, and unless we see a shift in fundamentals, it is almost unavoidable that owners will remain the price-takers, and therefore sentiment is going nowhere.

After a quiet start to the week, Suezmaxes In WAF started to see a few more cargoes hitting the market. Still, this is not enough to move rates substantially, thus leaving freight around range lows and a flat feeling to the market. WAF/Europe has been put on subs in the WS 60 range.

The AG remains steady, with rates holding at last done levels for both east and west routes. BOT/Spain has been put on subs at WS 29.5. Meanwhile, the Med is quiet and rates are starting to fall under some pressure. We could see some further testing moving forward.

The North and Baltic Sea Aframax markets have been slow over the course of the week. Rates have moved sideways, continuing to roll along the bottom as a gradual trickle of enquiry has resulted in repeated last done fixtures. In the short-term, rates are unlikely to pick up off the floor, while a build-up of ice-class tonnage in the Baltic Sea may see charterers apply yet more pressure and chip away a few points.

In the Med and Black Sea markets, it has been a similar story. Enquiry has been rather weak and, as a result, rates have trended sideways. The poor weather has failed to translate to any improvement, which perhaps indicates just how dire the markets currently are. Meanwhile, owners have already started ballasting their vessels across the Atlantic to the firming USG markets.

On the product tankers, LR2s in the AG saw a host of quiet fixing, but despite the list getting marginally clearer, we are still quite a way from seeing any substantial change in rates. For now, TC1 is around WS 75 but the challenge of finding ships that are readily willing to repeat these figures is becoming a little more challenging. As the bulk of February stems is now covered, next week we could see activity pace down a bit as charterers aren't so desperate to get hold of the cheapest ships. But again, there's little to be surprised given that February has always been

historically a rather unfortunate month for CPP freight in the AG and WCI...

Rates remain absurdly dull on the LR1s with only short-hauls really grabbing a little bit of attention. The one thing that sets the LR1s on a relatively better platform this week is that these vessels are not willing at the long-haul freight levels that charterers are insisting on but charterers have had the highly unusual scenario where LR2s are able to match the LR1 freight levels. Naphtha runs east have been more consistently done on the LR2s, but we would assess TC5 around the WS 95-98 area.

The lack of naphtha movements from the Middle East has diminished the supply of LRs in North Asia, and MR inquiry is on the rise, with owners starting to push for rates now close to parity with the USD 475-500k paid for LRs for Korea/Singapore. Meanwhile, Korea/Oz was put on subjects at WS 175.

The Singapore market is plagued by a lack of cargoes, rising bunker prices, and several quiet deals that are keeping rates repeated at last done levels. Singapore/Oz is at WS 152.5, and X-Singapore can be assessed at USD 135k. A few owners are now considering an escape from this misery by ballasting to the AG...

MRs in the AG have slowed up this week and, in the face of steeping bunker prices, freight levels softened, in a double hit for owners. TC17 has plummeted from last week's highs of WS 195, with WS 185 being done numerous times, however a lot of fixing has been in the shadows. Overall the outlook is steady at the close this week, but rates and sentiment have softened.

Looking West, it was a rather steady week for MRs, with decent cargo enquiry coming in, as well as continued congestion in key ports, bad weather delays and a very thin tonnage list. A prompt requirement at the end of the week on TC2 was put on subs at WS 167.5, but off the natural window the market is trading at WS 157.5. In the Baltics we saw a very unsettled market as the ICE class MRs and Handies traded off against one another. On TC9, rates topped at WS 220, but had settled to WS 210 by weeks end.

It was a busy week overall in the Med, with a decent volume of Handy cargoes trading thorough the week, which in turn tightened the list by a fair bit. As of Friday COB, TC6 is in the WS 190 levels and, with the list in its current state, we could see more of the same next week.

		BDTI	BCTI	
		681	608	
	Δ W-O-W	↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	626.9	629.7	631.3	
Δ W-O-W	4.4	5.1	4.6	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-28,798	↓Softer
TD3C	ME Gulf / China	270,000	-10,647	↑Firmer
TD6	Black Sea / Med	135,000	-2,069	↑Firmer
TD8	Kuwait / Sing.	80,000	-205	↑Firmer
TD9	Caribs / US Gulf	70,000	11,178	↑Firmer
TD14	Asia / Australia	70,000	1,929	↑Firmer
TD17	Baltic / UKC	100,000	5,561	↑Firmer
TD20	WAF / Cont	130,000	457	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	-4,129	↓Softer
TC2	Cont / USAC	37,000	6,350	↑Firmer
TC5	ME Gulf / Japan	55,000	1,137	↑Firmer
TC6	Algeria / EU Med	30,000	WS 160.63	↑Firmer
TC7	Sing. / ECA	30,000	5,890	↑Firmer
TC8	ME Gulf / UKC	65,000	24.68	↑Firmer
TC9	Baltic / UKC	30,000	WS 210	↑Firmer