



## History being made

What a surreal week! For now, the shipping markets are largely waiting to see what happens next. Brent spiked above USD 100 a barrel and this will of course have a knock-on effect for bunkers. Sanctions are leaving the Russian energy sector untouched, but reports have emerged of Western banks refusing to open letters of credit to buyers of Russian oil, while the sinking of a Turkish-flagged vessel in the Black Sea has complicated matters further. Russian ports remain open for business but owners are doing their own due diligence internally to decide whether to load there, and who the counter party is.

On the VLCCs, owners seem to have been successfully pushing rates up in the AG, despite the minimal amounts of cargo being worked – TD3C is now at WS 45. Meanwhile, in the Atlantic basin activity started to pace down in the second half of the week after the initial uptick.

We saw a considerable rate increase in most Suezmax markets. TD20 is now expected to be trading above WS 116, a 42 WS points on the day, despite the market remaining quiet overall. The Med is similarly quiet, but TD6 gained 131 WS points on Friday, settling at WS 229. Meanwhile, the AG continues to see some steady inquiry – rates are increasing here as well with TD23 above WS 35 now.

Looking at Aframax, TD17, having languished at rock bottom throughout the whole of February in the low WS 80s, we are now calling upward of WS 400. The last heard fixture is WS 420 (USD 130k demurrage) on subs, and the situation is so liquid and volatile, that could change in an instant.

Even fewer owners are reportedly willing to take their vessel into the Black Sea, but numerous Black Sea – Med runs are now on subs at WS 480, almost five times the previous day's level. Returns are equivalent to over USD 200,000 per day. As for cross-Med non-Russia business, we've seen pay in excess of WS 200 on the back of the crisis, so everyone will watch keenly to see who gets their subs lifted. Returns have spiked to USD 55,000 per day. Some hold the view that, for non-Russia business, we must settle down and that, if owners choose or cannot call at Russia or load Russian oil, then at least in Europe if doesn't leave a huge base of stems. With so many factors in play, it's nigh-on impossible to know, so many owners watch from the side-lines for now.

On the product tankers, LRs seem to be developing into the most sensitive sector regarding the recent conflict in Eastern Europe. With long-haul trade from the AG looking a little tighter amid a slimmer list and ever increasing bunker costs, rates are yet to react fully, but with the majority of owners choosing to sit back over the last couple of days, we only get the sense of a little bit of upwards pressure being applied to freight levels. In terms of last done levels, we recognise WS 75 for TC1 and WS 105 for TC5. These levels will be a struggle to repeat as the tensions in Eastern Europe spill further into freight markets.

Meanwhile, in East Asia, LR2s have been treading water for most of the week with USD 500k on subjects for a Korea/Singapore – options cargo. LR1s, on the other hand, are still in short supply, and owners have managed to hang onto freight gains they made last week with Korea/Singapore pegged at around USD 550-575k levels. Looking ahead, if we see a spike in the AG no doubt those with ships in the North will be keen to participate, and we could well see the cost of backhauls increase as result.

MRs in the Middle East remained flat this week as far as TC17 is concerned, with rates around the WS 200-202.5 level. In the Far East, owners are adopting a wait and see approach and, with bunkers on the rise, further firming shouldn't be excluded. For now, Korea/Oz was booked at WS 185, and we reckon next done to be put on subjects at least at WS 190. Overall, looking into next week, we can expect owners to try to hang on to current rates or even push for more, and depending on how the situation in Eastern Europe evolves, there is a probability it could get spun out into higher freight levels. But, given the regional nature of the MR trade, it could well be less affected than the LRs.

In the West, TC2 is still slow and the tonnage list still needs covering. Rates have been paying WS 142.5 on last palm ships. With the US market looking busy, owners will be trying to capture a roundtrip combination to further improve earnings.

In the North, Handies on Baltic/UKC hit WS 230 early in the week, but the market settled pretty quickly with MRs starting to cap freight and only the Ukraine situation put a halt on proceedings, closing the week at WS 225.

Meanwhile, we are seeing a massive divide between the Med and the Black Sea markets, with TC6 still hovering around WS 250-255 and Black Sea being tested at WS 395.

		BDTI	BCTI	
		1147	696	
	Δ W-O-W	↑ Firmer	↑ Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	647.1	648.6	648.7	
Δ W-O-W	4.9	5.1	5.8	
BALTIC TCE DIRTY				
	Route	Qnt	\$/Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-25,182	↑ Firmer
TD3C	ME Gulf / China	270,000	-716	↑ Firmer
TD6	Black Sea / Med	135,000	107,382	↑ Firmer
TD8	Kuwait / Sing.	80,000	1,237	↑ Firmer
TD9	Caribs / US Gulf	70,000	18,823	↑ Firmer
TD14	Asia / Australia	70,000	413	↑ Firmer
TD17	Baltic / UKC	100,000	135,148	↑ Firmer
TD20	WAF / Cont	130,000	26,671	↑ Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$/WS	W-O-W
TC1	ME Gulf / Japan	75,000	-4,758	↑ Firmer
TC2	Cont / USAC	37,000	2,761	↑ Firmer
TC5	ME Gulf / Japan	55,000	899	↑ Firmer
TC6	Algeria / EU Med	30,000	WS 257.5	↑ Firmer
TC7	Sing. / ECA	30,000	5,437	↑ Firmer
TC8	ME Gulf / UKC	65,000	26.09	↑ Firmer
TC9	Baltic / UKC	30,000	WS 236.43	↑ Firmer