AFFINITY TANKER WEEKLY

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Bunkers are becoming owners' strongholds!

The MEG remained rather subdued this week for VLCCs, with scarce cargoes working and rates holding towards the bottom of the range. MEG/China was seen on subs at WS 51 earlier this week. In the Atlantic, rising bunker prices seem to be the main driver behind keeping rates afloat but, as prices ease, we could see rates slide a bit. WAF/Vadinar is on subs at USD 3.32 Mn. In the USG, things are pretty quiet with the majority of deals going under the radar – USG/East has been seen on subs for USD 5.5 Mn.

On the Suezmaxes, WAF volumes are decreasing, with WAF/Europe now fixing in the WS 80 range. Most cargoes in the AG are now covered and, while bunkers might prevent a major slide, we see rates coming off their tops a bit. TD23 is in the WS 50 range. The Med has some decent activity, especially for long-hauls, and rates remain at the upper end of the spectrum.

Aframax rates for Russian TD17 business and Black Sea runs remain eye-wateringly high. More and more owners and charterers are pulling out of playing with Russian fire, leaving only a very select number of "willing" players. For now, the EU is continuing to purchase Russian oil and ships are still needed for it.

Those owners willing to take their vessels into the Baltic Sea to load Russian cargoes are being rewarded with rates of between WS 500 – 550+. Similarly, owners willing to venture into the Black Sea to load Russian cargoes for Black Sea/Med runs are being rewarded with rates of WS 400+.

However, non-Russian business has been fairly quiet throughout the week, with TD7 and non-Russian TD17 rates sliding rapidly towards the bottom. We're looking at around WS 130 – 135 for the former and WS 100 – 110 for the latter. Bunker prices have risen dramatically in line with oil prices, meaning that rates are probably close to the bottom here for now. We're now calling TD19 around WS 130. Sentiment has dropped, but a pick-up in activity towards the end of the week on cross-Med runs means that owners can hope rates don't fall much further.

On the product tankers, the LR2s continue building on their success from last week. While the market remains tight and owners are still looking for premium freight, it is starting to look like charterers aren't covering as quickly at the premiums they have been doing in the previous two weeks. Another indication of a fractionally calmer market is that we have seen routes being repeated a few times, which was not happening last week: TC1 has been repeated three times at WS 185.

The LR1s have been enjoying the continued tightness and strong flow of demand all week and rates have reacted accordingly. TC5 was last fixed at WS 190, but owners are looking to see if they can achieve more than WS 200 on subsequent deals.

In the Far East, LR2s hit the USD 1 Mn mark for a Korea/Singapore backhaul and owners are out there asking for numbers in excess of this for fresh stems. LR1s haven't gained as much traction, with USD 850k on subjects for a mid-China/Singapore run, but there are outstanding cargoes to cover and, with MRs pushing for USD 800k for a backhaul, LR1 owners are now aiming for USD 1 Mn.

On the MRs, we have seen numerous long-hauls hitting the market and owners have capitalised on the tight position list. Rates have firmed up this week – TC11 is rumoured to be on subjects at the low USD 800ks, and Korea/Oz was booked at WS 300. Outstanding cargoes remain lengthy till end-March and supply is so tight that owners are able to be picky and achieve higher freight each time.

In the current fixing window it is hard not to see freight continuing to creep up, but there are some headwinds which could slow the incremental shift upward in freight rates. Bunker prices in Singapore have softened towards the end of the week and, above all, China will curtail its CPP exports in April, which could well trim cargo volumes in North Asia.

It was a slower week for the MRs in northwest Europe, with rates edging down to WS 180 for TC2. Still, sentiment remains strong and bunker prices remain high.

Ex-Baltics is now a three-tier market (non-ice/ice/Russian ice) with Russian loads still paying heavy premiums due to the ongoing crisis. Handies had a volatile time this week and, as the weekend looms, TC9 is on subs at WS 380 ex-Russia. Furthermore, Russian counterparty premiums are shrinking as payments are still made and in some cases BBB is agreed.

In the Med, Handies have been quieter this week and rates kept steady, propped up by high bunker prices. TC6 is trading at WS 270 and the Blsea has been tested at WS 450.

	BDTI	BCTI
	1333	1047
Δ W-O-W	↑Firmer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	664.7	666.8	666.1
Δ W-O-W	7.7	8.0	7.6

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-40,755	↓Softer
TD3C	ME Gulf / China	270,000	-15,031	↑Firmer
TD6	Black Sea / Med	135,000	112,961	↑Firmer
TD8	Kuwait / Sing.	80,000	2,364	↑Firmer
TD9	Caribs / US Gulf	70,000	849	↑Firmer
TD14	Asia / Australia	70,000	5,939	↑Firmer
TD17	Baltic / UKC	100,000	253,128	↑Firmer
TD20	WAF / Cont	130,000	-9,324	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	22,691	↑Firmer
TC2	Cont / USAC	37,000	-1,013	↓Softer
TC5	ME Gulf / Japan	55,000	16,738	↑Firmer
TC6	Algeria / EU Med	30,000	WS 281.38	↑Firmer
TC7	Sing. / ECA	30,000	14,038	↓Softer
TC8	ME Gulf / UKC	65,000	49.49	↓Softer
TC9	Baltic / UKC	30,000	WS 370	↑Firmer