AFFINITY TANKER WEEKLY

18 MARCH 2022

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Seasonality is kicking in once again

After a quiet start to the week, we have started to see some activity in the AG – albeit coming in under the radar, hence with negligible effects on freight rates. MEG/China is on subs at WS 39 at the time of writing and the overall market sentiment remains steady. It's quiet also in the Atlantic, however, not all hope has been lost, as all eyes are now on the new Brazil and WAF loading programmes due to come online soon.

On the Suezmaxes, we have seen light volumes in WAF so far and, as a result, rates remain sideways. TD20 is at WS 78 levels, and we don't expect sentiment to change significantly in the near-future. Meanwhile, the AG is seeing some more cargoes, but nothing ground-breaking. Broadly speaking, the market remains sideways here as well. The Med is steady and, while there are a few stems outstanding, we should see some testing going forward.

Looking at the Aframaxes, in the Baltic, sentiment has softened. Ice Russian business has quietened down and, having started the week at WS 550 – 600, it's now down to WS 350 – 400, and sentiment is soft just as competition for cargoes has built, with multiple owners having a handful of vessels in position. There are reports, too, that Russian export volumes are set to fall by 25 per cent next month, which would come as little surprise.

TD19 has similarly struggled. Charterers have been happy to let rates slide, sinking as low as WS 125 – 127.5 earlier in the week, its lowest level in almost a month. Happier with the levels, charterers dipped into the market to pick off suitable ships, covering forward and, towards the end of the week, activity had picked up, particularly in Libya, to the extent that the lists looked tidier and owners managed to push for a couple of points. X-Med, at the time of writing, is back up to WS 130. Owners will hope that they be able to push rates higher over the coming days and weeks as tonnage tightens in the face of bad weather.

On the product tankers, LR2s in the AG remained steady this week amid little volume coming online and a feeling that charterers rather take their time. Rates remained steady – TC1 is around WS 185 levels – and, with bunkers coming off by around 20 per cent, charterers are of the mindset that rates should follow soon. Still, owners might not be keen to let their hard-earned gains slip away so easily, thus we could see some resistance in the next days or so.

The LR1 market behaved in a similar way to the LR2s. Meanwhile, the list is filling up and some owners are showing reluctance to fix long hauls given the uncertainties. Sikka-Japan slipped by 12 WS points to WS 192.5, and further softening could be seen in the next week.

MRs softened a bit amid a downturn in cargo enquiry – TC17 weakened from the WS 272.5, which failed coincidentally, to WS 259 on subjects, then WS 255, then WS 245, and finally WS 242.4. The Baltic printed WS 240 yesterday but, with the falling bunker prices, returns remain around USD 15,000 per day for this run. The overall global situation is unchanged from last week, yet we have gone from taps fully on to fully off this week. But tonnage supply and still relatively high bunkers should support higher freight.

In the Far East, the week started with owners' successful push for higher rates amid high bunkers and a tight list. However, momentum slowed down gradually. Still, freight has found its optimum level for now, but charterers holding cargoes will likely revaluate last done going into next week. Korea/Singapore can be assessed at USD 800k. Korea/Oz is on subjects at WS 295, and Korea/USWC is assessed at USD 1.95-2 Mn.

The Singapore market is similarly holding on - Sing/Oz is at WS 297.5, and X-Sing is assessed at USD 280-295k. The tonnage list looks plentiful, and as momentum slows in the neighbouring regions, we could see some softening here too.

It was a positive week for the MRs in NW Europe. A healthy amount of cargo enquiry pushed TC2 up to WS 185 levels. The tonnage list is starting to compress and there is a lack of ballasters heading to Europe as the US market remains strong, which could translate into further gains in the next week.

There is still ice in some Baltics ports and, with the ongoing crisis, rates remain fragmented – WS 325 for Baltic/UKC Russian loads and WS 250 for Baltic/UKC non-Russian load. Handies are also still buoyant for similar runs at WS 390 for Baltic/UKC.

It was a quiet week overall for the Med Handies, with not a large amount of cargo volumes being quoted, which let tonnage pile up. Consequently, we have seen the market soften and TC6 has dropped from WS 270 earlier in the week to WS 225 at the time of writing.

	BDTI	BCTI
	1225	1007
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	673.2	675.7	675.3
Δ W-O-W	8.5	8.9	9.2

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-28,705	↑Firmer
TD3C	ME Gulf / China	270,000	-9,707	↑Firmer
TD6	Black Sea / Med	135,000	93,998	↑Firmer
TD8	Kuwait / Sing.	80,000	9,466	↑Firmer
TD9	Caribs / US Gulf	70,000	10,882	↑Firmer
TD14	Asia / Australia	70,000	13,382	↑Firmer
TD17	Baltic / UKC	100,000	245,159	↑Firmer
TD20	WAF / Cont	130,000	3,762	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	26,564	↑Firmer
TC2	Cont / USAC	37,000	8,542	↓Softer
TC5	ME Gulf / Japan	55,000	21,032	↓Softer
TC6	Algeria / EU Med	30,000	WS 231.88	↑Firmer
TC7	Sing. / ECA	30,000	26,443	↑Firmer
TC8	ME Gulf / UKC	65,000	47.88	↓Softer
TC9	Baltic / UKC	30,000	WS 390.71	↑Firmer