AFFINITY TANKER WEEKLY

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Affinity Research LLP, 44th Floor,
The Leadenhall Building, 122 Leadenhall Street,
London, EC3A 8EE, United Kingdom

T. +44 203 142 0100
F. +44 203 142 0101

E. research@affinityship.com
W. affinityship.com

Another eventful week

VLCCs in the AG saw some decent activity on eastbound runs as charterers are now starting to chew through 2nd decade of April cargoes. Still, rates have remained sideways, pressured by the sheer amount of tonnage available. The West remains toppy amid a dearth of cargoes in WAF and the UKC, and a USG/Brazil market that looked promising at the beginning of week, but which failed to deliver.

Meanwhile, Suezmax rates in WAF saw some firming amid rising activity levels. The AG remains active as well for both east and westbound runs. Rates remain steady. The Med/Bsea stays firm – Russian cargoes still commanding a premium. Meanwhile, there is rising interest for USG/UKC cargoes as Russian crudes remain self-sanctioned.

Afra rates on cross-Med had risen by around 15 points by Tuesday, climbing back up to WS 150 levels. A number of owners were happy sit back and wait for Black Sea stems, leaving fewer owners left for cross-Med business. More replacements continued to support rates and Russian Black Sea business continued to demand a hefty premium; Black Sea/Med was rated at WS 320 – 340.

However, on Tuesday evening, news of outages at CPC terminal emerged and, on Thursday, it was confirmed that all three SPMs were down because of storm damage, meaning that Kazakhstan's CPC volumes were offline. As of the time of writing, SPM-1 is back up and running, but local advice is that it could take at least 3-4 weeks to repair SPMs 2 & 3. The impact on the markets was swift; owners, who would have previously focused on the Black Sea business, have now been forced to participate in the Med markets, resulting in more competition, and thus lower freight. Rates are back down to WS 130 – 135 levels for Ceyhan- type runs, and

The loss of CPC volumes over the next couple of months, equivalent to roughly 1 Mn bpd (from around recent output of 1.5 Mn bpd), will likely ensure that Aframax rates remain near the bottom in the short-term, with owners set to take their vessels to other markets, most of which are already struggling. It will be interesting to monitor how the demand gaps left by CPC and Russian blends are filled, and from where.

On the product tankers, the LR2 market in the MEG has been in a state of flux for the most of this week. The laycan windows on the westbound distillate demand that came along just kept getting prompter and prompter, which of course kept freight levels animated and firm. On the eastbound runs, cargoes in the 5 – 10 April window have started to be worked on, but unlike the rest, we have seen some slipping – by about WS 20 points – to WS 165 put on subs today.

The LR1s have once again enjoyed a tight position list but the most distinguishing feature this week has been the sheer volume up the river in Khor Al Zubair. We count no fewer than eight LR1s going through that port between now and 6 April, and this would only add to the tightness of the already slim supply. Demand has been fairly decent and clearing out ships pretty well but not quite enough to get freight moving dramatically this side of the weekend. TC5 can be assessed at WS 185 – 187.5.

MRs have had a naturally tight positions list and enquiry levels have been consistent if nothing else throughout and have firmed by WS 42.5 points for TC17 with WS 282.5 on subs at the time of writing. TC12 on BITR has been printing down all week to WS 199, but activity has been slow and we expect when tested next done to be at least WS 210 levels, off the back of TC17 firming.

In the Far East, LR1s continue to be in short supply and as a result rates have held up pretty well despite volumes dropping off. Korea/Singapore has been fixed at USD 950k although USD 900k is on subjects off later dates, where there are perhaps a few more ships to choose from. LR2s rates have remained subdued amid lower demand and ample tonnage. Looking forward into next week we can expect that Chinese export flows will continue to taper and, with this, we could well see LR2 rates come off but, given the shortage of LR1s, this sector should prove more resilient.

MRs have been quiet and, as a result Korea/Oz is down to WS 275. The list off front remained relatively short with owners holding their resistance preventing rates for sliding too much. Overall, come Monday, rates will need a test after an almost cargo-free end of the week.

In the West, it was a positive week for MRs as a mixture of enquiry coupled with a balanced tonnage list helped owners maintain levels. TC2 is now around WS 200. However, as US rates are on the slide, we could see some ballasters from across the pond in the next week, which might put UKC rates to test.

Med Handies had a fairly active start to the week, with large volumes quoted that mopped up the available tonnage. X-med is now trading at WS 200. Bsea runs have been quieter, with Russian stems trading at WS 330 – 350, and non-Russian at circa WS 240.

	BDTI	BCTI
	1093	961
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	667.3	669.6	669.3
Δ W-O-W	-5.9	-6.1	-6.0

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-36,203	↓Softer
TD3C	ME Gulf / China	270,000	-18,927	↑Firmer
TD6	Black Sea / Med	135,000	70,196	↑Firmer
TD8	Kuwait / Sing.	80,000	3,185	↑Firmer
TD9	Caribs / US Gulf	70,000	16,525	↑Firmer
TD14	Asia / Australia	70,000	9,754	↑Firmer
TD17	Baltic / UKC	100,000	116,947	↑Firmer
TD20	WAF / Cont	130,000	1,665	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	18,879	↓Softer
TC2	Cont / USAC	37,000	6,978	↓Softer
TC5	ME Gulf / Japan	55,000	16,484	↓Softer
TC6	Algeria / EU Med	30,000	WS 200	↑Firmer
TC7	Sing. / ECA	30,000	20,943	↓Softer
TC8	ME Gulf / UKC	65,000	43.83	↓Softer
TC9	Baltic / UKC	30,000	WS 372.5	↑Firmer