AFFINITY TANKER WEEKLY

08 APRIL 2022

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Ticking along nicely

The VLCC market in the AG started on a quiet note, however, activity subsequently picked up steadily as third decade cargoes were getting worked. Sentiment is firming for both east and westbound routes. The Atlantic was also very active, with all routes achieving new highs. With a few cargoes still in the market, we could see some more of the same as we go into the next week.

On the Suezmaxes, WAFR enquiry was very brisk this week, and firm sentiment drove rates higher and higher – TD20 is now in the WS 190 range. Further testing can be expected as we close this week and start the next. The AG market remained active on all fronts for most of the week – only on Thursday we started to see the dust settling down. Nevertheless, the market remains healthy and rates are steady. Meanwhile, the Med/Blsea is firm, with rates remaining in the upper ranges, and a few cargoes still in the woodworks.

Looking at Aframaxes in the Med and Black Sea, the week kicked off strongly enough. Following the release of the CPC program on Tuesday, fixing picked up on the back of vessels considering ballasting across the Atlantic, further tightening tonnage. Having ended last week at around WS 150 – 155, rates on TD19 are currently at around WS 235 – 245.

Looking ahead, rates have the potential to push on further. The strong USG/TA market continues to attract ballasters, and the Suezmax market continues to go from strength to strength, meaning that no ceiling will be applied from there.

Rates in the North Sea also started this week how it ended the last. Owners continued to hold the upper hand and pushed for more due to the lack of options for charterers, with rates climbing steadily over the early course of the week. The surge in the Med and USG markets granted owners the impetus to push higher here, too. Despite it being a little quieter, owners are commanding rates on TD7 of around WS 180 – 200, a rise of around 30 points on the week.

On the products side, LR2s remained volatile this week. USD 2.4 Mn was put on subs for WCI/UKC, but it was quickly realised that this would not only be unrepeatable, but also failed, leaving the level at the previous USD 2.75 Mn. At the time of writing, a Kuwait loading cargo is being bid on at USD 3.1 Mn as the number of owners in the fixing window has slimmed down. Eastbound is more preferred, so TC1 has sunk down to WS 130. Cargo demand is not that enticing at the end of the week and, while there has been enough activity to slim down the list, we would have to see renewed energy early next week to validate the bounce back that the owners believe is underway.

The LR1 market has been in a slow decline all week. With naphtha runs being largely covered on quiet LR2 deals, there was not quite so much demand on the LR1s, which has brought the market down from WS 180 to WS 150-155 at the time of writing. Tonnage is decent and cargo demand is fairly scarce, so we would have to see some renewed enthusiasm early next week to shore up this market and prevent it slipping further.

AG MRs have had a very solid week with rates continually on the rise and with most routes trading at not only 2022 highs, but 12-month highs in some cases. TC17 burst through the WS 300 mark and is on subs at the equivalent of WS 307.5, giving TCE returns of circa USD 23k per day. Looking towards next week, the position list remains tight and owners' sentiment remains bullish. However, given the softening on the LRs, the spread in freight across the three sectors is very narrow, hence this could bring some easing on MRs.

In the Far East MR market, sentiment has firmed up amid a steady injection of cargoes. Korea/Singapore is at USD 750k. Korea/Oz is trading at WS 280 levels. Korea/USWC is around USD 1.9 Mn. Demand for tonnage continues to grow and owners are set in the position to ask for higher numbers. There are several long-haul runs, and this should keep the tonnage list tight going forward.

There has been increased trading activity in Singapore, but freight remains generally flat throughout. Ships have started ballasting towards the AG and North Asia, keeping the market balanced overall. Singapore/Oz is at WS 260, and X- Singapore pays USD 250k. There is a bulk of TC7 cargoes potentially entering the market in the next week, and this may potentially turn things around for Singapore.

In the West, cargo volume has not been particularly plentiful, and TC2 has traded flat throughout at WS 185-190. However, the US markets got a shock, peaking at WS 500 for USG/Brazil, and pushing TC14 well above the WS 420 mark. At the time of writing, many owners seem to be reluctant to offer on the remaining cargoes outstanding, and this will likely push rates further in the next week.

Handies in the Med have had a busy end of the week, and it looks like things will remain active for a while, as there are around nine outstanding cargoes at the time of writing and the list is getting tighter. Last done for TC6 is WS 215-220 levels, and we expect things to pick up further. The Black Sea remains quiet, but levels for Russian Blsea/Med runs are still around WS 350 levels.

	BDTI	BCTI
	1653	892
Δ W-O-W	↑Firmer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	673.5	676.1	676.2
Δ W-O-W	1.8	2.4	2.2

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-16,968	↑Firmer
TD3C	ME Gulf / China	270,000	3,669	↑Firmer
TD6	Black Sea / Med	135,000	154,662	↑Firmer
TD8	Kuwait / Sing.	80,000	14,567	↑Firmer
TD9	Caribs / US Gulf	70,000	49,705	↑Firmer
TD14	Asia / Australia	70,000	14,165	↑Firmer
TD17	Baltic / UKC	100,000	318,321	↑Firmer
TD20	WAF / Cont	130,000	58,647	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	9,352	↓Softer
TC2	Cont / USAC	37,000	7,303	↓Softer
TC5	ME Gulf / Japan	55,000	11,444	↓Softer
TC6	Algeria / EU Med	30,000	WS 207.19	↑Firmer
TC7	Sing. / ECA	30,000	18,124	↑Firmer
TC8	ME Gulf / UKC	65,000	40.64	↓Softer
TC9	Baltic / UKC	30,000	WS 350	↑Firmer