AFFINITY TANKER WEEKLY

06 MAY 2022

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Making the most out of this situation

VLCC activity in the AG failed to materialise this week, as the drip of cargoes remained anaemic and, as a result, rates kept tumbling further. However, not all hope is lost, as the holidays in the East are now over, so we could see something more happen next week. The same cannot be said of the Atlantic basin, where no amount of new stems seems to be enough to absorb the lengthy tonnage lists. This week ended up with very little done, still a few uncovered stems, and an overall butter soft feeling in the market.

On the Suezmaxes, volumes in WAF started to slow as the week comes to a close, thus leaving rates in the lower end of the range. Still, the list remains healthy, and we don't foresee any drastic change in rates. The AG has been relatively active by comparison, with a few ships going on subs. A steady / soft feeling remains for the time being. The Med remains sideways, despite the return of some Libyan supply in the market.

It was a busy start to the week in the Med for Aframaxes, which saw a good number of vessels being put on subs, with rates bouncing back after plummeting last week. The list has been cleared out steadily throughout the week, with a busy third decade CPC playing a major role. TD19's up to WS 157.5 – 160.

In the North European markets, it hasn't been quite so buoyant. The North Sea has managed to keep ticking over, with rates on TD7 pretty much unchanged on the week at WS 155.

In the Baltic, however, rates have slumped dramatically due to the oversaturation of owners willing to call Russia, with ballasters, LR2s switching to crude, and Suezmaxes all contributing. Russian Baltic/UKC ice business has dropped around 60 points down to just WS 210, its lowest level since the invasion at the end of February, and the markets are waiting to see if it has yet hit the floor. Non-Russian business, meanwhile, has lost around five points and is down to WS 155.

Looking at product tankers, LRs in the AG have had a very strong week despite the holidays in the East of Suez. The LR2s have had only a very few numbers of owners in the window being worked, but with charterers continuing to work prompt cargoes, rates had no option but climb. TC1 is on subs today at WS 300, and such is the strength of owners in this market that they are dictating only long-haul voyages to lock in current earnings for as long as possible. Some ballasters in the coming weeks might spoil the party a bit, but for now the party goes on…

The LR1s continue to hold their place as one of the more attractive markets globally. Natural tightness of the position list as well as considerable long-haul flow is keeping this market very upbeat from the owner's perspective. TC5 is on subs at WS 300 and owners are only in a positive frame of mind for Monday.

It has been a much more stable week for the MRs, and rates for now feel like they have peaked at the close and there are reports of WS 405 on subs for TC17, which is 10 points off the peak. With the holidays in the East coming to a close, there is a chance that this week's apparent calmness is hiding something more to come.

Activity has come to a standstill in Asia. On the MRs, we have seen a few of long-hauls retested and fail at the million-dollar mark. There aren't many ships available compared to the number of cargoes in the North, but looking at the ballasters from the West, the list will be replenished soon enough. Korea/Singapore is assessed at USD 1.05 Mn. Korea/Oz is near WS 387.5. We need some testing to see where the market is heading now, but overall some degree of softening is expected.

Singapore MRs have continued to firm this week, with rates rapidly ramping up on the back of a strong AG market. TC7 can be assessed at WS 405, and X-Singapore is at USD 600k. More is on the cards as we still have a wealth of cargoes to cover and there is very little tonnage available.

In the UKC, MRs had another positive week as several cargoes hit the market against a rather restricted list and, as a result, TC2 edged up as high as WS 340. Looking ahead, there seems to be more ballasters heading towards Europe and, with this segment looking expensive, some cargoes are likely being scaled up on to the LR1s. Still, there likely will be some support for the MRs for the short-term as the AG and USG continue to look very promising, attracting many ships away from Europe, and also due to congestion in ARA causing delays. The Baltic/UKC market continues to be tested and is priced accordingly for niche Russian business with ideas around WS 400.

The Handies in the Med have been on the verge of a surge all week, but only started to creep up as the weekend looms. Overall, owners' sentiment remains strong, amid contagious optimism from the larger sizes. X-Med is trading at WS 290, which is up 15 WS points from the start of the week and things for next week look promising. In the North, Handies have been steady this week with rates paying WS 350 for Baltic/UKC and WS 295 levels for X-Cont.

	BDTI	BCTI
	1182	1357
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	688.3	691.5	690.9
Δ W-O-W	1.1	1.0	0.9

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-30,415	↓Softer
TD3C	ME Gulf / China	270,000	-8,327	↑Firmer
TD6	Black Sea / Med	135,000	41,324	↑Firmer
TD8	Kuwait / Sing.	80,000	26,045	↑Firmer
TD9	Caribs / US Gulf	70,000	9,189	↑Firmer
TD14	Asia / Australia	70,000	26,174	↑Firmer
TD17	Baltic / UKC	100,000	59,170	↑Firmer
TD20	WAF / Cont	130,000	870	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	59,533	↑Firmer
TC2	Cont / USAC	37,000	29,317	↓Softer
TC5	ME Gulf / Japan	55,000	46,315	↑Firmer
TC6	Algeria / EU Med	30,000	WS 277.19	↑Firmer
TC7	Sing. / ECA	30,000	40,254	↓Softer
TC8	ME Gulf / UKC	65,000	72.30	↓Softer
TC9	Baltic / UKC	30,000	WS 374.29	↑Firmer