AFFINITY TANKER WEEKLY

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A quieter week

After a quiet first half of the week, with nothing major to report, VLCC charterers in the AG crushed owners' expectations for higher rates, with third decade stems being drip-fed slowly into the market.

Elsewhere, the eastern Atlantic remains relatively quiet with rates steady, while in the Americas, rates inched upwards as Brazil exports started to hit the market on Thursday.

On the Suezmaxes, WAFR is holding steady, but towards the end of the week, volumes lightened up a bit, which could test rates a bit come Monday. The AG is a similar story, with activity ticking along but nothing major to report – and we don't expect this trend to shift majorly in the coming week. Volumes are also lighter in the Med as Libyan ports are still under force majeure, and the upcoming CPC list for June is lighter than normal. Rates are holding for now, but we could see some testing in the next week or so.

Aframax rates in the Med and Black Sea have fallen further over the course of the week, with the ports in Libya still under force majeure.

Cross-Med is down to around WS 130 – 135, and rates could be tested down further, and the Black Sea has been very quiet, in no small part because of a very weak June CPC stem list.

To the North, both the Baltic and North Sea markets had a quiet start to the week, too. In the North Sea, tonnage has built and rates tumbled sharply on Wednesday after a market quote. As of Friday morning, TD7 has fallen around 10 – 15 points down to WS 140 – 145.

Similarly, the Baltic markets have been quiet and tonnage has built. A total embargo on Russian oil has been tabled by the EU, which has added a few jitters to the market and we're waiting to see if the bottom has been reached. Activity has been under the surface as a result. We're calling Baltic/UKC (ice Russia) around WS 205 – 210.

On the product tankers, LR2s in the AG had a slower time compared with previous weeks. Still, owners' optimism remains unabated, also aided by the fact that there are still prompt-ish cargos being worked, where the number of owners in the fixing window remain very small. Freight levels have therefore remained very buoyant. With earnings as much as USD 95,000/day, this has dragged whips from WAF and the UKC markets, and a small lift in UKC and Med loading cargoes also meant that there were not as many ships available for East loadings as there might have been over the previous two weeks. TC1 remains at WS 300 levels, but with things as they are at the moment, the likelihood is that these levels are here to stay.

The LR1 market remains tight with COAs taking a lot of tonnage as well as a good amount of cargoes for several trade routes. Awkward itineraries as well as bullish owners have kept freight animated and even led to WS 315 being confirmed for TC5. There are rumours that this market should soften as the Far East has come off and demand is a little thinner, but every time there has been this theory over the last few weeks, the tightness of the list has proven the doubters wrong and invigorated freight levels. This is not to say that we are of the belief that we will only see skyrocketing rates next week, as there will be owners looking to cash in, but equally it is tough to think that the strong will of owners will instantly collapse any time soon.

North Asia MRs have softened as the week progressed amid very little enquiry. Next done for Korea/Singapore should be around the low USD 800k, Korea/Oz at WS 340-345, and Korea/USWC at USD 2.525 Mn levels. With limited positive signs and a quiet end to the week, expected rates will be under pressure to hold when we see the next batch of cargoes being worked.

The lack of cargoes has taken its toll on the Singapore market. A couple of short-hauls struggled to get lifted and prompt vessels are piling as we go into the long weekend. Owners put up fierce resistance this week, but with North MRs softening, the likelihood is that they will readjust their ideas. Singapore/Oz closed off at WS 377.5, while X-Singapore can be assessed at USD 500k.

In the West, UKC MRs maintained a steady rhythm through the week, with any available ships getting quickly mopped up. And while rates remained lower in the early part of the week, this only encouraged more cargoes to follow, thus leaving the list very narrow and TC2 firm at WS 320.

Meanwhile, the Handies have ticked over this week with rates trading around WS 305 for X-Cont and Russian Baltic loads paying WS 425. In the Med, Handies firmed slightly at the beginning of the week, but since Wednesday, activity levels have tailed off, and TC6 is now ticking along steadily at WS 300.

	BDTI	BCTI
	1140	1436
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	684.9	687.2	686.4
Δ W-O-W	-3.5	-4.3	-4.4

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-30,840	↓Softer
TD3C	ME Gulf / China	270,000	-10,873	↑Firmer
TD6	Black Sea / Med	135,000	30,145	↑Firmer
TD8	Kuwait / Sing.	80,000	24,701	↑Firmer
TD9	Caribs / US Gulf	70,000	6,206	↑Firmer
TD14	Asia / Australia	70,000	24,489	↑Firmer
TD17	Baltic / UKC	100,000	57,330	↑Firmer
TD20	WAF / Cont	130,000	9,292	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	63,428	↑Firmer
TC2	Cont / USAC	37,000	30,000	↓Softer
TC5	ME Gulf / Japan	55,000	48,848	↓Softer
TC6	Algeria / EU Med	30,000	WS 298.75	↑Firmer
TC7	Sing. / ECA	30,000	37,486	↓Softer
TC8	ME Gulf / UKC	65,000	76.38	↓Softer
TC9	Baltic / UKC	30,000	WS 425	↑Firmer