AFFINITY TANKER WEEKLY

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An eventful week…

VLCCs in the AG have been quite active this week, and as a result rates for both east and west bound voyages have started to climb up. MEG/China is on subs at WS 41 for 9-10 June dates, and MEG/UKC is on subs at WS 25 for 4 June dates. WAF remains quiet with nothing major to report. WAF/East is flat at WS 45. Meanwhile, activity in the USG is picking up, as the release of 180 Mn bpd of strategic reserves between now and October is translating into fresh stems hitting the market.

On the Suezmaxes, the US market remained hot this week, with USG/TA surpassing TD20 in a rare occurrence. As a result, we can expect optimism to spread to the WAF market, with owners trading spot in GIB putting pressure on rates. There still are a few outstanding WAF cargoes to cover, but we can expect rates to gain some ground in the next week or so. After a quiet start of the week, sentiment got stronger in the AG, with BOT/Med being repeated at WS 54 for first decade of June dates. The Med remains steady, with both east and west-bound voyages testing upper ranges.

The Med Aframax market had a significant clear-out this week, with several owners deciding to ballast to a more sanguine US market. Enquiry remained subdued throughout the week – rates tested down to an extent, and as of Friday evening, the position list is decidedly healthy, with 5/13 FOC units ballasting out the area. Still, there is too little enquiry to change local momentum and sentiment remains steady. In the north there is a far shorter list than in the Med, but days remained similarly slow this week, allowing rates to repeat last done or both the Baltics and the Nsea. Meanwhile, we keep seeing a slow but steady trickle of ships ballasting TA in search of better fortunes.

Inactivity has taken its toll on LR2s this week, and as a result, rates have corrected down. TC1 has been put on subs repeatedly at Platts rates, and gauging where actual levels lie isn't easy, especially as the latest stem hitting the market got 6 offers. All in all, we would assess this run around WS 220. Looking ahead, pressure still remains, but we are short cargoes for June and owners are hopeful the taps will turn on a little more, cargoes have been rather sparse this week.

Looking at LR1s as a standalone sector, there is seemingly little reason to worry. The list remained tight throughout the week - even tighter for quality units with safe positions - and all that owners needed to do was to hold their nerve, as charterers used the weakening sentiment on the LR2s to try and dent owners' resolve. As is so often the case, only one owner needed to break the ranks to start a domino effect, and that is what happened. USD 4 Mn was put on subs for AG/West, a drop of USD 850,000 from last done. While this is still a huge number, it put pressure on the rest of the market, especially with LR1s being overpriced relative to LR2s, and cargoes drying out. TC5 is untested - as with TC1, Platts has been the preferred method of pricing. The Baltic Exchange printed WS 273 yesterday, three more points than what we see it. But with this perpetually tight list, things could still turn for the best – after all, the ball is still in owners' court.

It has been an active week for the MRs in the AG, with a steady flow of enquiry and positions tightening up on end May/early June positions. However, the softening in surrounding markets has led to rates on MRs also being pulled down. With as high as WS 387.5 paid for TC17, towards the end of the week WS 367.5 has been repeated 3 times, which although softer, objectively speaking it is a very healthy rate overall. Looking further ahead, MRs will face some pressure as the LRs correct, however overall we feel they will remain robust and should find a floor still at very healthy levels.

Looking East, MRs in North Asia have been more active this week compared to the previous one. A handful of China exports, paired with a tight list before 10 June dates boosted owners' optimism significantly, dragging freight up in the meantime. Korea/OZ is at WS 302.5 and Korea/USWC is at USD 2.1-2.2 Mn. On the other hand, the Singapore market corrected down a bit amid minimal amounts of cargoes coming online. We have seen a couple of ships head over to AG in search of better fortunes, but the list still remains plentiful. X-Singapore is at USD 250k, and Singapore/Oz is at WS 310.

In the West, UKC MRs started to slow down a bit as pockets of enquiry absorbed a variety of tonnage and TC2 settled around WS 325 levels. The US market continues to attract ballasters, leaving the tonnage list in Europe balanced as we enter the weekend. With a short week ahead in Europe, we could see an increase in activity, which should provide some support to rates.

Med Handies have continued to rise throughout the week, with stems getting covered and the list getting increasingly tighter. TC6 has risen by 100 WS points this week, and it is now trading at WS 450-460. Although the dust has settled down a bit towards the end of the week, the list remains tight and owners sentiment is strong. There was also activity out of the Blsea spicing things up, with an early-June Russia-loading stem put on subs for WS 625.

	BDTI	BCTI
	1126	1472
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	652.0	653.8	653.9
Δ W-O-W	-15.1	-15.3	-15.7

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-36,567	↓Softer
TD3C	ME Gulf / China	270,000	-17,852	↑Firmer
TD6	Black Sea / Med	135,000	18,081	↑Firmer
TD8	Kuwait / Sing.	80,000	12,456	↑Firmer
TD9	Caribs / US Gulf	70,000	28,484	↑Firmer
TD14	Asia / Australia	70,000	15,314	↑Firmer
TD17	Baltic / UKC	100,000	35,752	↑Firmer
TD20	WAF / Cont	130,000	14,095	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	34,666	↓Softer
TC2	Cont / USAC	37,000	31,139	↓Softer
TC5	ME Gulf / Japan	55,000	34,822	↓Softer
TC6	Algeria / EU Med	30,000	WS 446.88	↑Firmer
TC7	Sing. / ECA	30,000	24,533	↓Softer
TC8	ME Gulf / UKC	65,000	65.00	↓Softer
TC9	Baltic / UKC	30,000	WS 429.29	↑Firmer