



Product tankers are riding the wave

The VLCC market seems to have picked up a bit this week, with Asian charterers in the MEG working third decade of June/first decade of July stems. TD3C is steady at WS 45 levels amid uncertain sentiment prompted by the fresh wave of lockdowns in China. Meanwhile, activity remains sanguine for the rest of the continent, with MEG/Onsan going on subs at WS 41, and MEG/WCI at WS 52. There is also activity for westbound runs – BOT/UKC is on subs at WS 27.5 for 26 – 28 June dates. On the other hand, WAF remains relatively quiet so far. Still, WAF/East has been put on subs for WS 46.5 for 7 July dates. The Americas remain active for both east and west bound voyages.

Suezmaxes in WAF kept firming this week, with TD20 climbing to WS 115 levels. Looking ahead, we could see this market continue inching up, especially given the tightness in the front-end of the list. The AG market is slowly edging up, buoyed by positive sentiment in WAF and the USG. TD23 is now at WS 60 levels, and we can expect that more will be done in the next week or so. As they say optimism is contagious, so also in the Med we couldn't fail to see momentum build up and rates test the upper ranges, despite the almost total cut-off of Libyan crude production.

At the end of last week, we noted that activity had picked up in the Med Aframax markets, and rates were rising. This week, owners kicked on, with rates rising 30 points over the previous few days. Just a week ago, rates on TD19 were around WS 130, but they have since climbed up to WS 200 levels on numerous factors. Surrounding markets are now offering strong alternatives for owners, while charterers are fixing further forward and there is more long-haul enquiry.

To the North, despite there being some incoming maintenance at Mongstad in the North Sea, the level of fuel and crude enquiry is such that owners have been able to force more than last done with each passing fixture. TD7 has inched up by 10 points over the course of the week, climbing to WS 160 levels. Similarly, the Russian Baltic Sea market has moved up, although not quite to the same extent. Having bottomed out at around WS 165 for the past few weeks, TD17 crept up towards the end of this week, up to WS 180 levels. Returns are back above USD 40,000 per day.

On the product tankers, decent distillate and jet fuel demand developed in the middle of the week and the confidences of the LR2 owners now supersedes market fundamentals. There is actually a fair amount of ships in the list, but the strength of conviction of the owners, coupled with the very strong undertow from the LR1s, translated into seismic numbers – USD 5.5 Mn for Jubail/UKC - earning shipowners as much as USD 85,900/day.

Naphtha runs haven't been quite as extensively tested this week, but WS 300 basis TC1 has been confirmed and will be the benchmark moving forward.

The start of this week was always going to be punchy for LR1s, amid the massive spill-over of outstanding cargos from last week, and one of the tightest lists that we have seen to date. USD 4.625 Mn has been fixed for Kuwait/UKC and next done is likely to be more than this. WS 375 is on subs for an option to Japan from the AG basis 55,000 T and tight on suitable ships for the same. As expected, cargo demand is a little calmer at this week's end, but sentiment will only be positive come Monday.

AG MRs have had another positive week, firming across all routes. TC17 has firmed at WS 565 - 40 points up over the week. Westbound is also up, with USD 4.2 Mn on subs basis UKC and with TC12 pricing at WS 450 levels, we are currently at all-time highs. With support from the firm Far East markets and tight LR, the immediate short-term outlook is more of the same and there is no sign of MRs easing up.

The North Asian MR market continued its upwards trend this week. A firm LR market provided a higher freight ceiling for the MRs, which paired with a tight list, allowed owners to push for higher numbers. There are still a few stems uncovered as we go into the next week, and that doesn't include Chinese exports. We have started to see more ballasters coming back from the USWC, but they shouldn't arrive in North Asia until early July – so next week we could see more being done. Korea/Singapore closed off at USD 1.7 Mn. Korea/Oz is at WS 507.5. A quiet week overall in Singapore but given the firmness in the North and AG markets, rates and earnings kept creeping up. X-Singapore came up to USD 700k. Singapore/Oz is at WS 500.

In the West, MRs had a slower pace this week, as more ballasters heading to Europe put rates under pressure, leaving TC2 around WS 360. The front-end of the list has finally taken some shape and, with the Med and AG still extremely strong, NWE can be expected to remain supported.

There was steady activity this week for the Handies, as we saw a combination of ARA exports and VLCC lightering from Southwold. We close the week at WS 345 for X-Cont, and WS 292.5 for Med runs. Russian exports are slowing, but with more western charterers withdrawing, we likely see freight increase with new entities.

In the Med, rates have shot upwards, and we have seen a YTD high of WS 500 fixed for TC6. But there's more! WS 515 is on subjects ex-EMed at the time of writing. The East Med list is currently very tight, but West Med is slightly less so, hence, TC6 can be assessed around WS 515 for East Med and WS 480-485 for West Med.

		BDTI	BCTI	
		1199	1707	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	613.3	615.7	615.7	
Δ W-O-W	-18.0	-16.5	-16.4	
BALTIC TCE DIRTY				
	Route	Qty	\$/Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-40,477	↑Firmer
TD3C	ME Gulf / China	270,000	-20,331	↑Firmer
TD6	Black Sea / Med	135,000	24,157	↑Firmer
TD8	Kuwait / Sing.	80,000	10,597	↑Firmer
TD9	Caribs / US Gulf	70,000	14,109	↑Firmer
TD14	Asia / Australia	70,000	13,545	↑Firmer
TD17	Baltic / UKC	100,000	32,850	↑Firmer
TD20	WAF / Cont	130,000	15,376	↑Firmer
BALTIC TCE CLEAN				
	Route	Qty	\$/WS	W-O-W
TC1	ME Gulf / Japan	75,000	55,409	↑Firmer
TC2	Cont / USAC	37,000	33,706	↑Firmer
TC5	ME Gulf / Japan	55,000	56,838	↑Firmer
TC6	Algeria / EU Med	30,000	WS 491.88	↑Firmer
TC7	Sing. / ECA	30,000	51,192	↑Firmer
TC8	ME Gulf / UKC	65,000	77.06	↓Softer
TC9	Baltic / UKC	30,000	WS 442.86	↑Firmer