



Ups & Downs

Momentum is picking up for VLCCs in the AG, as charterers are now working stems for the first decade of July, and have already started to work the second decade, boosting freight in the process. TD3C is now firm around WS 49 levels. WAF remains relatively quiet amid the ongoing crude production issues in Nigeria and Angola. WAF/China has been put on subs at WS 50 for 18-20 July dates, and there is only one stem outstanding that we can speak of. Sentiment is steady overall. The Americas remain active, with several eastbound ships going on subs in the first half of the week. There still are stems outstanding, and we should see the market firm a bit further also here.

On the Suezmaxes, the WAF market remained largely quiet this week. Overall, the market has a steady feeling to it, as owners keep clinging onto rates at current levels, despite the lack of activity. We saw WAF/UKCM go on subs at WS 117.5 for 12-13 July dates, but looking ahead there isn't much working at the moment. Meanwhile, the AG remained largely busy in the first half of the week, with some healthy rates going on subs – there are reports of AG/UKCM fixing over WS 65. And, despite a relatively quiet end to the week, the market still has a steady/firm feeling to it. Also the Med saw an active beginning of the week with a flurry of ships going on subs for both east and westbound voyages, but as the week went on, activity started to fade. Rates can be expected to start getting tested at the next done. Still, not all hopes should be lost, as reportedly there are a few cargoes left outstanding, which might cushion the landing.

In the Med, Aframax activity this week has quietened down compared to last week and sentiment has begun to ease. This resulted in the non-Russian list growing and cross-Med rates being tested down. By the end of the week, TD19 is being called at roughly WS 185 levels, down 20 points since the beginning of the week. The CPC list is still fairly short, however, so the rates of around WS 230 for CPC/Med have a better chance of holding steady going forward.

By contrast, the North European markets, particularly the North Sea, have firmed as the week has gone on. The FOC list has remained short throughout the week, kept so by the on-going level of enquiry. On Monday, there was only one owner with two+ positions on the list. With so few options, charterers have been squeezed and TD7 has climbed from around WS 160 levels at the start of the week up to around WS 185 – 190 at the end. With only one vessel opening over the weekend, charterers who can wait until Monday will hold off. But the firm sentiment is expected to carry into next week, so we could see rates climb further.

It has been a disappointing week for LRs in the Middle East. Savvy charterers

have fixed VLCCs and Suezmaxes for most of the distillate runs, taking plenty of cargoes out of the market and, as a result, we have seen very little LR activity this week. The LR1s that looked the most redoubtable of all the sectors last week, have seen WS 25 points taken off TC5 in one fixture and, given the lack of activity, one would think that there are more reductions to come. Westbound has been inactive as well, but we expect the market to track back towards USD 4.5 Mn levels over the course of next week. LR2s haven't fared much better given the number of DPP vessels taking out distillate stems at circa USD 500k less than their fully CPP counterparts. TC1 is untested as we go into the weekend but, despite owners' insistence that rates will hold, reductions seem inevitable.

It has been a much calmer week than what we had become accustomed to for the AG MRs. Rates have been on the slide from the all-time highs, and the slowdown in cargo enquiry has seen sentiment ebb. TC17 has fallen by WS 80 points, with equivalent of WS 485 on subs basis East Africa, and the high being WS 565 fixed ex-New Mangalore. With these extraordinarily high levels, we could see huge volatility, with some owners just seeing value on ships' PNL and market perception being a secondary thought. Overall TCE earnings remain circa USD 45,000 per day on a TC17 round trip, which should leave owners pretty happy, despite a softer week, and it couldn't take much to get owners and freight levels revved up again.

Meanwhile, in the Far East, there isn't enough activity to keep MR rates afloat, thus resulting in a minor market correction. Still, this didn't prevent owners from trying and sometimes succeeding in repeating last done levels, thus preventing severe slippages. That being said, it shouldn't take much cargo volume for owners to start pushing again. Korea/Singapore is at USD 1.665 Mn. Korea/USWC can be assessed at USD 3.55 Mn. Korea/Oz is at WS 500. Singapore MRs can see virtually nothing left in the cargo grids until 5 July, which has allowed charterers to dictate rates as they pleased. Last done for X-Singapore is at USD 750k, meanwhile, TC7 came off to WS 485.

Looking West, it was a calmer week for TC2. The list remains balanced, but the cargo flow was much quieter, with rates settling around WS 355. With the Med and AG going strong, owners keep evaluating their opportunities. In fact, the majority of ballasters from the US have now pointed towards Gibraltar in the search of better luck.

It was a busy week for the Handies. As Russian exports remain firm, we start to see new counterparts entering this market. Meanwhile, fixing reached WS 500, and cargoes remain tricky to cover. Med Handies this week have been quieter on the surface, but there has been lots going on below the radar, and the list remains very tight. X-Med is trading around WS 510-520 levels, but it could easily go up should enquiry pick up again.

		BDTI	BCTI	
		1222	1719	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	603.8	606.5	606.5	
Δ W-O-W	-9.5	-9.2	-9.2	
BALTIC TCE DIRTY				
	Route	Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-36,924	↑Firmer
TD3C	ME Gulf / China	270,000	-14,676	↑Firmer
TD6	Black Sea / Med	135,000	26,413	↑Firmer
TD8	Kuwait / Sing.	80,000	12,941	↑Firmer
TD9	Caribs / US Gulf	70,000	9,545	↑Firmer
TD14	Asia / Australia	70,000	21,790	↑Firmer
TD17	Baltic / UKC	100,000	33,286	↑Firmer
TD20	WAF / Cont	130,000	19,703	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ WS	W-O-W
TC1	ME Gulf / Japan	75,000	53,301	↑Firmer
TC2	Cont / USAC	37,000	33,500	↓Softer
TC5	ME Gulf / Japan	55,000	51,290	↑Firmer
TC6	Algeria / EU Med	30,000	WS 512.5	↑Firmer
TC7	Sing. / ECA	30,000	53,767	↑Firmer
TC8	ME Gulf / UKC	65,000	72.78	↓Softer
TC9	Baltic / UKC	30,000	WS 497.86	↑Firmer