



The great comeback

VLCs have been buoyed by sharp improvements in Suezmaxes and Aframaxes, with charterers turning their attention towards the largest sizeband as the gap in rates has grown. TD3C climbed above WS 60 for the first time this year – WS 61 is currently on subs for MEG/China for 1st decade of August dates. Meanwhile, earnings on a non-ECO vessel have climbed into the positive at USD 7,800 per day. WAFR rates also soared, with WS 62 at the time of writing for WAF/China, while the USG remains busy; rates on TD22 have risen to USD 7.46 Mn, which translates in TCEs above USD 11,600/day for a non-ECO ship.

But it is the Suezmaxes, which have had the more exciting start to the week. Positive sentiment surged at the start of the week after Libya announced that force majeure was lifted across all its oil terminals and exports; TD6 climbed sharply on Friday and continued its ascent through the week. At Thursday's close, TD6 was assessed at WS 202, with returns assessed at USD just above of USD 70,000 per day for non-ECO vessels. Positivity has spread to WAFR and the AG, where TD20 and TD23 have climbed to WS 140 and USD 83.30 respectively, according to the Baltic Exchange.

Aframaxes were similarly buoyed by the news from Libya, but an injection of more CPC cargoes boosted sentiment further as TD19 soared above WS 270 levels – and broadly speaking, X-Med freight off natural dates is settling in the high WS 200 levels. At these levels, returns are just around USD 90,000 per day levels for non-ECO ships. Meanwhile, last done ex-CPC is WS 355 and the outlook ahead remains firm as the list is limited with just 4 owners available.

On the other hand, rates in the North have softened slightly this week as fairly slow days continue. The list has been slowly eroding, and as of Friday, we have seen 5 ships ballasting out the area. While this is not enough to give rates a boost, it should provide some kind of floor as we go into the next week.

The LR2 segment has been where all the action has been this week. A sudden withdrawal of a new export tax from India has led to significant flow from Sikka. ULSD has been much more in vogue of late and Westbound prices have moved up by USD 0.5 Mn w-o-w, with USD 4,600,000 on subs at the time of writing. Naphtha exports has also moved up with WS 230 for TC1 being well recognised as next levels to agree, which represents quite the shift up from the WS 202.5 fixed at the beginning of the week. Lots of product on the water this week so optimism from owners are in very good shape going into the weekend.

It's very much a case a 'tale of two halves' as the LR1s have had about as quiet a week as one can remember. Cargos have been virtually non-existent as charterers favour the much improved USD/T upside of the LR2 sector. For assessment purposes we would suggest around WS 285 - 290 for TC5. Considering these numbers would still return around USD 36,000/day for a round trip, as well as the optimism from the LR2 segment, owners are of course relaxed enough to have a 'week off'. Normal cargo flow should resume soon enough on those stems that have to be performed on LR1 as it always does.

AG MRs have firmed this week and as the list thinned out, the remaining ships happen to be in the hands of few owners, and coincidentally the most bullish ones. TC17 has firmed from WS 450 to 470, then incrementally further up and at the time of writing WS 490 is on subs basis South Africa, which is the equivalent of WS 500 basis East Africa, so a 50 point rise on the week and this gives TCE earnings of circa USD 50,000/day. Looking to next week, owners will start on the front foot, and for the near term we expect freight levels to remain firm.

On the North Asia MRs, rates kept slipping throughout the week and enquiry remained scarce. Korea/Oz ended the week at WS 450, Korea/USWC needs a fresh test but, with drops seen on other runs, close to USD 3.1 Mn will be in sight. South Asian MRs had a very quiet week, with cargo enquiry remaining on the slow side and any signs of fixing action being kept behind closed doors. Rates remained largely untested – Singapore/Oz closed the week at WS 420, X-Singapore can be assessed at USD 575k. Flat-softish overall.

It was a steady week for the UKC MRs. The front end of the list has gradually narrowed, with TC2 now paying WS 275 levels, and West Africa the customary 5 WS points more. Baltic/UKC voyages continue to flow with only a small handful of ships willing to call Russia, paying around WS 430 levels. The states market has rebounded, and naturally we will see the majority of ballasters now turning their attention to the USG, which could help Europe tighten back up next week.

A slower week for the Handies in NWE, rates have settled to WS 272.5 for cross continent, and WS 250 to the Med for modern approved units. Russian exports are a little more tricky, and generally these voyages continue to command freight starting with a '5'.

Handies in the Med have had a quiet week overall, and at the end of the week they have settled at WS 215 for TC6 runs. The Med MRs have also been quieter, and Med/TA has slipped to WS 280.

		BDTI	BCTI	
		1481	1321	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	579.3	582.6	582.9	
Δ W-O-W	3.1	3.6	2.9	
BALTIC TCE DIRTY				
	Route	Qty	\$/Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-22,182	↑Firmer
TD3C	ME Gulf / China	270,000	4,852	↑Firmer
TD6	Black Sea / Med	135,000	82,566	↑Firmer
TD8	Kuwait / Sing.	80,000	17,099	↑Firmer
TD9	Caribs / US Gulf	70,000	45,679	↑Firmer
TD14	Asia / Australia	70,000	23,249	↑Firmer
TD17	Baltic / UKC	100,000	73,996	↑Firmer
TD20	WAF / Cont	130,000	36,367	↑Firmer
BALTIC TCE CLEAN				
	Route	Qty	\$/WS	W-O-W
TC1	ME Gulf / Japan	75,000	34,722	↑Firmer
TC2	Cont / USAC	37,000	22,793	↓Softer
TC5	ME Gulf / Japan	55,000	38,632	↑Firmer
TC6	Algeria / EU Med	30,000	WS 219.38	↑Firmer
TC7	Sing. / ECA	30,000	41,853	↑Firmer
TC8	ME Gulf / UKC	65,000	62.05	↓Softer
TC9	Baltic / UKC	30,000	WS 505	↑Firmer