AFFINITY TANKER WEEKLY

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Crude Tanker Comments

VLCC rates in the MEG softened a bit this week amid lower cargo volumes. TD3C is now trading in the WS 57.5 levels, slightly below where it started the week and despite a tighter than average tonnage list. In WAF, TD15 also lost some ground, going on subs at WS 57 for 1-3 September dates. And both here and in the MEG, we enter the weekend with no cargoes outstanding, hence we could see rates getting tested a bit further come Monday. Also the USG market softened slightly as the week comes to an end - TD22 is at USD 7.18 Mn, down from the USD 7.3 Mn that we saw at the beginning.

Suezmaxes had a slow start to the week in WAF and things haven't improved since then. We saw market levels hold in the WS 130 levels for as much as possible, but the lack of activity was too much to bear, and as a result TD20 slipped a little below. The AG is busier on the other hand, with a few voyages for both east and west discharge going on subs. Still, rates keep rolling downwards, with Basra./Med now trading at WS 67.5 and the overall market feeling steady/soft. Meanwhile, the Americas seemed to be the place to be at this week, where most of the Suezmax cargoes were being worked. Rates kept firming throughout the week there, and prompter vessels commanding hefty premiums compared to laycans a bit further down the line.

It's been a contrasting week of fortunes in the European Aframax markets. In the North Sea, a combination of a limited tonnage list and steady enquiry has resulted in rates firming. TD7 has climbed from the low WS 170s at the end of last week up to around WS 187.5 – 190 this. The list remains very short and, with only three-or-so vessels open before the 10th, and with vessels ballasting across the Atlantic to take advantage of the firming USG markets, rates could climb further.

In the Med, however, sentiment has softened throughout the week on the lack of activity. Towards the end of the week, rates on both CPC and X-Med fell sharply, with TD19 down to WS 220 levels, having been around WS 270+ at the back end of last week. Rates may fall further, but owners will be hoping that transatlantic ballasters will provide some respite.

Product Tanker Comments

The LR2 market somewhat stagnated in the MEG this week. While we have only been made very aware of the power of sentiment in this sector over the last five months, freight cannot live on bluster alone. Rates will not be in much danger of crashing, but some softness does seem likely as there are a smattering of smaller owners at the top of the list who will start to be a little more proactive in looking for cover while the monies earnt are still fantastic. Equally, the bigger, stronger owners have also been exerting their influence, explaining their reluctance for any capitulation just because it's been a bit quieter. As a result, we would assess TC1 down a little bit to WS 230-235 levels.

The LR1 market has successfully taken the baton from their bigger sisters in becoming the more intriguing side of the LRs this week. After last week's undertow of local business thinning the relatively plentiful list considerably this has led to only firmer numbers being achieved this week, especially given the increased demand for longer haul. On TC5, we have moved up from WS 255-260 last week, to WS 270 going on subs yesterday.

The MRs in North Asia started on a more negative foot, but as the weekend looms, spirits turned hopeful amid a consistent flow of cargoes coming online. Still, as we are now working largely in the 15-20 August window, charterers retain an edge over prompter vessels for a cut in freight. Korea/Singapore is at USD 1.2 Mn, and Korea/Oz is at WS 385. The tonnage list isn't particularly long, but bits of cargoes in the early 3rd decade may be a little tricky to cover as the list gets thinner, which could bode well for rates. Singapore continues its quiet streak with mostly under radar activity. Freight keeps sliding amidst the lack of cargo and enquiry, and more of the same could happen next week.

In the West, it was a strong week for UKC MRs, especially as the market remains free from fresh ballasters escaping the firm US market and, as a result, TC2 levelled up to WS 375.

It was a very slow first half of the week for the Handies, with X-UKC rates sliding to WS 245. However, activity increased and the list tightened as the week came to an end. Russian exports remain steady fixing WS 500 basis UKC. The Med Handies have gained ground this week. A tight position list coupled with strong flow of cargo enquiry led to TC6 firming to WS 260 levels, with a replacement also on subs at an even higher WS 270.

		BDTI	BCTI
		1437	1391
	Δ W-O-W	↓Softer	↑Firmer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	577.6	578.5	580.3
Δ W-O-W	-5.7	-6.1	-5.4

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-13,274	↑Firmer
TD3C	ME Gulf / China	270,000	13,215	↑Firmer
TD6	Black Sea / Med	135,000	71,191	↑Firmer
TD8	Kuwait / Sing.	80,000	32,751	↑Firmer
TD9	Caribs / US Gulf	70,000	45,252	↑Firmer
TD14	Asia / Australia	70,000	42,288	↑Firmer
TD17	Baltic / UKC	100,000	71,039	↑Firmer
TD20	WAF / Cont	130,000	32,974	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	45,688	↑Firmer
TC2	Cont / USAC	37,000	36,937	↓Softer
TC5	ME Gulf / Japan	55,000	39,622	↓Softer
TC6	Algeria / EU Med	30,000	WS 258.13	↑Firmer
TC7	Sing. / ECA	30,000	40,845	↓Softer
TC8	ME Gulf / UKC	65,000	58.68	↓Softer
TC9	Baltic / UKC	30,000	WS 500	↑Firmer