



Crude Tanker Comments

VLCCs started this week on a weaker foot amid a quieter MEG market and muted activity elsewhere. TD3C now feels softer at WS 75.7, but earnings remain well above break-even levels and, with a few cargoes still outstanding, we could see the downside capped to an extent. WAF is still quiet and rates inevitably dropped to WS 75.9 at Thursday's close. The USG is also relatively quiet, but the drop in rates isn't as stark, with TD22 assessed at USD 8.78 Mn as a few ships went on subs in the second half of the week. Meanwhile, there is still some activity ex-Brazil, with Brazil/East-UKC going on subs at WS 74.5-82 levels.

On the Suezmaxes, WAF remains quiet with nothing major to report other than the inevitable softening in rates - TD20 is now at WS 128 levels, and only one stem is outstanding. However, things soon could change, as there are rumours that Forcados loadings could be restarting from early October. Operations at the Forcados export terminal stopped in late July due to a leaking single buoy mooring. There have since been no loadings of the grade, according to Kpler, and while it appears that the grade is under force majeure, Platts reported that terminal operator Shell has denied this was the case.

Forcados is typically a high volume export stream for Nigeria, usually loading six/seven Suezmaxes a month before disruptions began. Also, Bonny Light has been stuck on force majeure since a pipeline explosion in March. Brass River also experienced a pipeline explosion in March, and has remained on force majeure due to unmanageable levels of pipeline theft and thinning flows to the export terminal, operator ENI said in late August.

The AG remains more active in comparison to WAF, with a flurry of westbound ships going on subs and several cargoes outstanding. TD23 is bucking the trend, gaining some ground to WS 63.7. There was also some activity in the Med, with both east- and westbound voyages testing the upper ranges.

After the long weekend, Aframax tonnage lists in Europe began fairly balanced, with owners at holding onto the gains made towards the end of last week. As the week progressed, cross-Med runs continued to trickle in, but uncertainty over CPC weighed on sentiment and a few points were chipped off TD19. As we close the week, TD19 is assessed at around WS 190 - 192.5

To the North, tonnage in the North Sea has slowly built throughout the week, as activity has dwindled. Sentiment here has softened too, with rates on TD7 slipping to WS 185 levels. Baltic enquiry has been slow, too, with the main owners pushing tonnage, and Baltic (Russia)-UKC is at around WS 205 - 210.

Product Tanker Comments

It looks like the LR2 market has been sitting on its laurels, admiring the riches gained last week, rather than forging ahead and adding to them. Demand has decreased this week, but the tightness of the prompt position list has kept owners' sentiment in fine fettle, which led to a fired up start to trading on Monday with values as much as USD 6 Mn being touted for Jubail/UKC. However, as we have seen so often, when there is so much financial upside already on the table, there are some owners who are keen to take these winnings as opposed to looking to push any more. As a result, USD 5.1 Mn has been done at least twice this week, which is USD 200,000 more than last done, and translates to returns of about USD 80,000 per day in TCE earnings.

The LR1 segment has been bubbling along in a relativity steady fashion this week, but we have all been aware of how slim the list has been for ships that are fully suitable for all trade routes. As a result, with the mid-week influx of westbound cargoes that arrived, we saw a substantial increase in rates. Like on the LR2s, naphtha cargoes have been scarcer, and there might be a few more ships suitable in this area, and the last done of WS 297.5 for TC5 might be more achievable for charterers.

It has been a bonanza week for MR owners in the Middle East. A huge injection of cargoes at the beginning of the week set the ball rolling in a market that had already built up some momentum. TC17 reportedly ended the week on subs at WS 550, from WS 410 this time last Friday. It was a positive week also for the North Asia MRs, as the momentum continued into this week and freight got bumped up from last done. We saw a decent amount of forward fixing, but bad weather may cause some late runners and it will be tricky to find a replacement in this market. Singapore MRs have also seen an upward trend this week. With more tonnage choosing to ballast to the AG and North, we may see a tighter tonnage list as we go into the next week, boosting rates in the process.

It was a slow week for the UKC MRs, plagued by minimal cargo enquiry and an oversupply of ships at the front-end of the list. Freight rates have settled to around WS 200 for TC2, from WS 250 last week at this time. With the AG market significantly outperforming the West, many owners are weighing up the possibility of ballasting in that direction, which could add some support going forward.

Med Handies have been quiet this week, with over 20 prompt ships in the list pretty much throughout the week. As a result, freight has tumbled to WS 160 for TC6, and any rebound likely won't happen until there is enough cargo volume to clear the raft of prompt tonnage outstanding.

		BDTI	BCTI	
		1504	1192	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	575.4	578.1	582.8	
Δ W-O-W	3.4	4.2	5.6	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	2,480	↓Softer
TD3C	ME Gulf / China	270,000	35,013	↑Firmer
TD6	Black Sea / Med	135,000	79,379	↑Firmer
TD8	Kuwait / Sing.	80,000	46,398	↑Firmer
TD9	Caribs / US Gulf	70,000	43,808	↑Firmer
TD14	Asia / Australia	70,000	55,903	↑Firmer
TD17	Baltic / UKC	100,000	59,820	↑Firmer
TD20	WAF / Cont	130,000	32,770	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	61,152	↑Firmer
TC2	Cont / USAC	37,000	11,676	↓Softer
TC5	ME Gulf / Japan	55,000	49,944	↑Firmer
TC6	Algeria / EU Med	30,000	WS 163.13	↑Firmer
TC7	Sing. / ECA	30,000	46,157	↑Firmer
TC8	ME Gulf / UKC	65,000	68.39	↓Softer
TC9	Baltic / UKC	30,000	WS 384.29	↑Firmer