AFFINITY TANKER WEEKLY

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Crude Tanker Comments

This week started on a quiet note for VLCCs in the AG, which does not come as a surprise given that it was Golden Week holidays in China. Still, at the very end of the week, we started to see activity pick up amid renewed enquiry. Several ships have been quietly tucked away between Thursday and Friday, stopping rates' slide and even lifting them off the bottom range. Looking ahead, we could see activity (and rates) pick up as China comes back from the holidays and the several stems still open get worked. However, after that, as November stems start to get worked, it is likely that we could see activity pace down a notch, in line with the reduced OPEC+ output policy. In fact, in the new schedule for the November 2022 - December 2023 quota, Saudi Arabia alone is expected to produce about 440k bpd fewer than August 2022's 10.92 Mn bpd. In the West, WAF remained unsurprisingly quiet. Despite an expected increase in OPEC+ quotas for producers in the area, it is likely that supply outages will persist for a while, prompting many buyers to look further West to secure barrels.

The Americas remain steady after a busy first half of the week that gave owners confidence to push higher and helped rates firm. With OPEC+ tightening the taps, it is likely that this will be the new epicentre for extra supply, giving overall tonne-mile demand a boost. In fact, while US production is on the rise, under the current conditions, there are minimal constraints for the Biden Administration to release additional barrels. They already announced that they will continue releasing the SPR as appropriate, as the approaching of the 2023 fiscal year allows access to about 70 Mn cubic barrels of future budgetary planned sales. Furthermore, the Administration mentioned a potential enabling of the "NOPEC" bill of antitrust laws, to revoke OPEC+ members' and their NOCs' sovereign immunity.

Suezmaxes in WAF, like their larger sisters, remained broadly quiet amid minimal activity and steady sentiment. As a result, rates lost a few points throughout the week, with TD20 settling at WS 124 levels, but WAF/UKC actually going on subject at WS 120 for 20 October dates. The AG has been a touch more active with both east and westbound getting done, but also here rates remain largely steady – TD23 is at WS 65 at the time of writing. More of the same can be expected as we go into the next week.

The Aframax market in the Med kept ticking over this week, with significant activity concentrated around mid-week as fresh stems ex-Libya and Algeria kept sentiment strong. This inevitably attracted competition from Suezmaxes and, while X-Med rates corrected down slightly as a result, the slide should remain fairly limited, especially as several ships continue to get tucked away quietly, keeping the list relatively balanced. Slow days continue in the North, but not all hope is lost as there are limited options at the front end of the list. Still, the tonnage list should open up after mid-month, and it is then when we could see rates get tested should demand remain slow.

Product Tanker Comments

Despite the burgeoning LR2 tonnage list in the AG, not everything went charterers' way this week. TC1 came crashing down to WS 160, but has ticked up a little since then, and westbound rates moved up off their lows of USD 3.5 Mn to USD 3.725 Mn on a vessel needing west discharge. Meanwhile, other owners have their sights set at or above the USD 4 Mn mark for the same. There probably isn't enough demand to push the market up in any large increments, but the more compromised units have largely been picked off, which means that soon we could see freight levels inch up.

It has been a tale of two halves for the LR1s in the AG. The freefall was very much evident until Wednesday afternoon when a number of cargos emerged, and ultimately we have seen a good chunk of ships either on subjects or fixed. Most owners are keen to avoid the long-haul runs, which has made short-haul cargos competitive and, like the LR2s, we do not expect a runaway market, but rates could tick up off the lows we have seen this week.

This was not a busy week for AG MRs, and owners have shied away from longer haul runs as they perceive that rates have bottomed, so most seemed to favour short-haul runs. TC17 has moved from WS 260 to WS 292.5 on subs for a prompt loader, and this is likely to be repeated off the more natural fixing window. Expectations for the next week are that we may well see some continued steady firming as sentiment has swung in owners favour.

The Far East MR markets kept softening progressively this week. In the North, we saw very limited cargoes quoted as some charterers seem to be holding some stems in a effort to push rates down. On the other side of the coin, it seems that most owners are placing their hopes on the Chinese export cargoes after the Golden Week. Looking at the tonnage list, there aren't many available vessels in the prompt end and, should next week's hopes materialise, it is very likely that rates will bounce up again. South Asia saw some activity this week, but overall demand is still weak. With the tonnage list building up, it looks like owners have no choice but to accept charterers' offers. TC7 has dropped significantly to WS 347.5, 100 WS points lower than last week. Still, not all is lost, as with the re-bounce of AG market, if more North cargoes are released into the market next week, we should see the Singapore market pick up again.

It was quite a busy week for MRs in both the Med and UKC regions, however the list has been well populated and had many palms/bio units around, which has caused TC2 to slip slightly to WS 245 levels. The US markets have taken a big dip, which is releasing more ballasters towards the UKC. As a result, we could see some softening should demand not pick up significantly in the next week or so. On the Handies, X-UKC kept ticking along, with rates at around WS 250 levels.

		BDTI	BCTI
		1461	1153
	Δ W-O-W	↓Softer	↓Softer

BDA			
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	592.5	596.8	600.2
Δ W-O-W	-1.2	-1.4	-1.2

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	7,263	↓Softer
TD3C	ME Gulf / China	270,000	41,772	↑Firmer
TD6	Black Sea / Med	135,000	69,861	↑Firmer
TD8	Kuwait / Sing.	80,000	30,664	↑Firmer
TD9	Caribs / US Gulf	70,000	29,700	↑Firmer
TD14	Asia / Australia	70,000	36,341	↑Firmer
TD17	Baltic / UKC	100,000	73,329	↑Firmer
TD20	WAF / Cont	130,000	34,611	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	26,433	↓Softer
TC2	Cont / USAC	37,000	21,143	↓Softer
TC5	ME Gulf / Japan	55,000	18,598	↓Softer
TC6	Algeria / EU Med	30,000	WS 318.75	↑Firmer
TC7	Sing. / ECA	30,000	40,875	↓Softer
TC8	ME Gulf / UKC	65,000	46.93	↓Softer
TC9	Baltic / UKC	30,000	WS 382.86	↑Firmer