AFFINITY TANKER WEEKLY

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Crude Tanker Comments

After a Monday of steady enquiry, things started to ebb for VLCCs in the AG, and rates treaded water. However, in the second half of the week, we started to notice steadier activity and ships getting tucked away under the radar, which reignited the fire and gave freight a boost of a few points. Still, while on Thursday, WS 87 levels was the upper range for AG-East, on Friday we heard rumours of WS 95 getting put on subs for the same, thus shifting the bar higher and infusing some much-needed optimism into the market just a few days before November stems get worked, and the traditionally bullish season kicks in.

The Western Atlantic remains very busy amid active USG and Brazilian export programmes pushing rates up after each fixture, both east and westbound. TD22 keeps inching up, now at over USD 10.25 Mn, over USD 300k higher than Monday levels. Looking ahead, with AG Opec+ members curtailing production slightly, US and Brazilian crudes will likely be the main flavour “du jour” for European and Asian refiners looking to replace their Russian and now Middle Eastern supplies. Still, competitively priced Libyan crudes with similar characteristics to the light, sweet WTI, might throw a spanner in the works and be a serious competitor for European imports, especially as Libya remains exempt from Opec+ production quotas.

On the other hand, VLCCs in WAF remained relatively quiet this week, after September's record low production levels. Still, the tide could turn, as the next round of presidential elections in Nigeria will be in February-March 2023, which could prompt politicians to act on the technical outages, theft and sabotage, and force majeure on key grades that have reduced exports to shadows of their former selves.

However, one man’s misfortune is another man's opportunity, as VLCC stems remain scarce, Suezmax cargoes hit the market in full force this week, pushing rates up quite significantly in the process. TD20 alone climbed by over 20 WS points from Monday to WS 146. And the ride isn’t finished yet, as we enter the weekend with several stems left outstanding, which could mean that rates should firm up further in the next week. The AG also remains firm for Suezmaxes, amid sanguine activity for both east and westbound voyages, testing the upper end of the ranges.

Meanwhile, the Med remains an interesting story, as Suezmaxes have made some gains here too, albeit by cannibalising Aframaxes and their share of the pie on the basis of economic grounds. Justifiable, is what one could say about this, as the Afra market in the Med has been on fire throughout the week, also in light of the return of CPC cargoes for the first time since September, with rates firming after each cargo quoted. TD19 is assessed at WS 225 levels, but even more has been put on subs depending on date and ship. And it is a similar story up in the North Sea, with cargoes trickling down and an extremely tight list with zero ships open before 18 October. Rockets are expected here too…

Product Tanker Comments

This week we saw some gains on the LR2s in the AG on the back of a number of fresh cargoes coming through. Rates for TC1 bounced back from WS 165 last week to WS 190-195 being the best value for charterers at the end of this week. Westbound has also reacted well, with a significant lift from USD 3.725 Mn to USD 4.3 Mn on subs. What has been most unusual this week is that these positive freight moves haven’t been caused by significant cargo demand, nor by a notable absence of ships; instead it is purely driven off the back of a couple of large owners holding their ground and not offering out at all or offering at well-publicised levels, comfortably above market fixing levels. Of course, this has happened quite a few times over the last six months, but this week would represent a time when this approach is tested on a much more extreme basis. Looking ahead, the bullishness of Q4 is upon us as, from next week, November dates will start being worked in some areas, and let’s see if un-explained hunches can deliver the goods.

LR1s had a slightly more predictable week. There has been a small degree of fixing and enough of a clearing out of the list that freight moved up from last week’s levels. And all this was in spite of the longest tonnage supply on Monday this week since June 2021. Rumour has it that TC5 went on subs at WS 182.5 at the end of the week, up from the WS 170 concluded last week.

The North Asia MR market bottomed this week and, as a result, we have seen some gradual improvements on rates. A fresh batch of China export cargoes hit the market, but owners do not seem to be in a rush to fix, quite the opposite, and as a result we could see rates firm even higher. Korea/Singapore dropped to less than USD 1 Mn early this week, then bounced back to USD 1.05 Mn. Korea/OZ has been repeated at WS 405 and Korea/USWC is assessed at USD 3.15 Mn. The Singapore market saw a couple of negative corrections this week. It looks demand is still weak, but some owners think it has reached the floor and is ready to pick up. Singapore/OZ touched WS 340 and then bounced up slightly by a few points. It is now assessed between WS 342.5 to WS 345. Hopefully, with more enquiry flowing into the market, the South MRs will become more stable as we go into the next week.

In the West, it was a promising week for the MRs, as the tonnage list started to shrink noticeably. Plenty of enquiry for different discharge options helped absorb tonnage and, with the US market still positive, the outlook brightened up. As of Friday, there still are a few gaps to cover, but after an active week of fixing, market sentiment has firmed, and TC2 is now trading around WS 270. Plenty of demand to Brazil this week boosted TC2 premiums by 10-20 WS points. Meanwhile, Russian liftings have been somewhat discreet with Baltic/UKC paying WS 380 levels for a Handy.

		BDTI	BCTI
		1514	1215
	Δ W-O-W	↑Firmer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	592.8	597.4	600.5
Δ W-O-W	0.3	0.6	0.3

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	8,505	↑Firmer
TD3C	ME Gulf / China	270,000	47,794	↑Firmer
TD6	Black Sea / Med	135,000	76,782	↑Firmer
TD8	Kuwait / Sing.	80,000	30,946	↑Firmer
TD9	Caribs / US Gulf	70,000	34,726	↑Firmer
TD14	Asia / Australia	70,000	35,697	↑Firmer
TD17	Baltic / UKC	100,000	71,663	↑Firmer
TD20	WAF / Cont	130,000	45,371	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	34,429	↑Firmer
TC2	Cont / USAC	37,000	23,528	↓Softer
TC5	ME Gulf / Japan	55,000	22,759	↓Softer
TC6	Algeria / EU Med	30,000	WS 334.38	↑Firmer
TC7	Sing. / ECA	30,000	36,069	↑Firmer
TC8	ME Gulf / UKC	65,000	50.63	↓Softer
TC9	Baltic / UKC	30,000	WS 382.86	↑Firmer