AFFINITY TANKER WEEKLY

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Crude Tanker Comments

The AG complex has started the week on an active foot for VLCCs, with good amounts of fresh activity for the first decade of November and plenty of cargoes getting tucked away. However, from Wednesday we started to see enquiry beginning to stall a bit as cargoes dried up and rates lost a couple of points. Despite this, owners' sentiment remains strong amid optimism for the remaining stems for the first decade of November, which means that any potential downside in rates should remain contained. For now, TD3C is at WS 107.5, above Monday's WS 102, but slightly below Tuesday's peak of WS 111.

It is a similar story in the Atlantic basin, with activity toning down a bit in the second half of the week. WAF in particular is more quiet than usual, with rates sliding from Tuesday onwards. Interestingly enough, on Thursday, TD15 reached parity with TD3C, with both at WS 107.45, according to the Baltic Exchange. Also, earnings-wise they aren't very far off from each other, with an Eco non-scrubber fitted VLCC earning about USD 84,660/day for MEG/China, and USD 84,730/day for WAF/China. Since TD15 has largely mirrored TD3C in the past few weeks or so, it doesn't come as a surprise that WAF remains so quiet for VLCCs in comparison to other routes and also compared to Suezmaxes, given the increase in distance and time spent in voyage isn't matched by higher earnings.

In the Western Atlantic, TD22 is now at USD 11. 7 Mn, and while there is a quiet feeling in the market, we could see the upper range getting tested come next week, as there are still several stems outstanding. Looking ahead, the prospect of further SPR releases is keeping owners' spirits high and rightly so! With the EU ban on Russian crude fast approaching in just over a month, and plenty of uncertainty around the price cap initiative, we could see the USG becoming the de facto swing supplier for European customers.

Sentiment is cooling down a bit for Suezmaxes in WAF, as activity paced down a notch this week. In fact, rates have sustained a significant correction, now at WS 154 for TD20, down from WS 167 on Monday. Meanwhile, we are seeing the opposite in the AG, with next done progressively higher than last - TD23 now at WS 97.9, from WS 85 on Monday, a 13-point climb in four days! Several stems remain outstanding as we go into the weekend and, with owners in good spirits, it is likely that more will be achieved come Monday. The Med keeps pushing, competing relentlessly with Aframaxes for stems in what is now becoming an all-out duel. CPC-UKCM has been put on subs at WS 190 for 9-10 November dates and, with another two outstanding stems for the same, charterers are caught between a rock and a hard place.

Likewise, Aframax activity in the Med continues to be busy, especially ex-Algeria, with charterers now reaching into early November dates. Fundamentals remain bullish too, as the list is still slim with four FOC vessels at the time of writing, and sentiment is getting stronger by the day with the USG spiking, meaning that we won't see TA ballasters anytime soon. The North is ticking over, dates have shifted to November and the list still remains tight with sentiment strong amongst owners – just 2 ships ballasted to ECC this week.

Product Tanker Comments

What an unusual LR2 market it has been this week! Strong bullish sentiment has persisted in the face of unfavourable supply/demand fundamentals. Some of the smaller owners have benefited here and there but there still are 11 ships from five owners between now and Monday and, with Diwali celebrations looming at the beginning of next week, we could be due for some corrections in the near-future. Fixing this week has been in the WS 197.5 - 200 region for TC1, but we would expect next levels to be more like WS 190-195. We are also aware of quite a few NB VLCCs and Suezmaxes taking CPP over the last week or so which explains why the pure CPP ships have seen less action over the last five days.

It's not like there was no action on the LR1s. Fixing has been quite consistent this week, but with most of the deals reported being centred around the short-haul trade, charterers have had a lot of tonnage to work with for these cargoes and, as a result, freight has dropped. Longer haul trade has been a little trickier to cover as these requirements often need a newer and better class of ship which have been a little thinner on the ground. As a result, we are assessing WS 200 for TC5 in what represents a decent move up from WS 182.5 seen last week. Demand is pretty steady into next week, so a steady start is anticipated for Monday.

It has been a fairly slow week for the Far East MRs. Rates were expected to be firmer, but they haven't been supported by any actual demand. In the North, although there are some China export cargoes, the list is still littered by prompt tonnage. Overall sentiment remains flat, also due to different laycans and discharge options. For now, Korea/Singapore has been repeated at USD 1.05 Mn levels, Korea/USWC is assessed at USD 3 Mn and Korea/OZ at WS 400. It is likely that we will see more of the same unless a decent number of cargoes hits the market. South Asian MRs look a little softer, as the short-hauls have been fixed at progressively lower rates amid lower enquiry and a softening AG market. TC7 has been kept at WS 350 levels, but X-Spore is expected to fall to lower than USD 400K.

Looking West, it was another positive week for the MRs, as sanguine cargo enquiry and strong sentiment from owners has shifted freight rates up to WS 300 for TC2 runs. Premiums to West Africa are priced around 20 WS points on top and Brazil optionality at 15 WS points. The tonnage list still has some gaps but the steady flow of cargoes is helping to give current levels some support. Meanwhile, the Russian trade ex-Baltics/UKC is now trading at around WS 400 levels, dependant on the customer. The Handies managed to tick up a touch for X-UKC runs to WS 230.

It was a very quiet end to the week for the MR market in the Med and, whereas Med/TA rates traded up to WS 300 on Wednesday, cargo enquiry has tailed off since then, and positions have built on the list. Now rates should more likely sit around the WS 280 mark. The Handies have had a quiet week overall, with some activity below the radar but not enough to keep rates from slipping down to WS 305-310 levels for X-Med. Rates for now are flat and it looks like that for now they have found the bottom.

	BDTI	BCTI
	1725	1231
Δ W-O-W	↑Firmer	↑Firmer

BDA (USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	595.6	600.3	603.7
Δ W-O-W	2.8	2.9	3.2

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	21,595	↑Firmer
TD3C	ME Gulf / China	270,000	72,199	↑Firmer
TD6	Black Sea / Med	135,000	82,190	↑Firmer
TD8	Kuwait / Sing.	80,000	38,730	↑Firmer
TD9	Caribs / US Gulf	70,000	94,464	↑Firmer
TD14	Asia / Australia	70,000	44,767	↑Firmer
TD17	Baltic / UKC	100,000	77,390	↑Firmer
TD20	WAF / Cont	130,000	49,958	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / WS	W-O-W
TC1	ME Gulf / Japan	75,000	36,162	↑Firmer
TC2	Cont / USAC	37,000	29,350	↓Softer
TC5	ME Gulf / Japan	55,000	25,548	↓Softer
TC6	Algeria / EU Med	30,000	WS 305.31	↑Firmer
TC7	Sing. / ECA	30,000	37,227	↑Firmer
TC8	ME Gulf / UKC	65,000	52.05	↓Softer
TC9	Baltic / UKC	30,000	WS 394.29	↑Firmer