# AFFINITY TANKER WEEKLY

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## Crude Tanker Comments

VLCCs in the AG started the week on a quieter note, as first decade stems all were worked and activity cratered. However, from Tuesday, things picked up again with second decade cargoes hitting the market. Nevertheless, despite the steady activity, rates saw a downwards corrections and the market is quieter compared to the previous few weeks. MEG/China is on subs at WS 99 but, as there are still a few cargoes left uncovered, one can never say never as the tide could still turn.

In WAF, market activity remains relatively quiet overall. However, a tight tonnage list has been preventing any major slide in rates. WAF/East is on subs at WS 105 for 24-26 November dates. There are no cargoes outstanding and, going forward, we could see some softening as the market recalibrates itself.

The USG has been largely quiet this week. With the first batch of SPR releases now dried out, it was unavoidable that the market would let some steam off. Meanwhile, Brazil kept ticking over with steady activity throughout the week. At the time of writing, Brazil/East is on subs at WS 96.5 for 22-23 November dates.

Suezmaxes in WAF haven't skipped a beat this week, with sanguine activity giving rates a boost - TD20 is now in the WS 179 – 180s levels date depending. Several stems remain outstanding and, with a tonnage list well balanced, it is likely that we could see this upwards trend persist. Activity in the AG is more subdued in comparison. Yet, general sentiment remains strong with rates gradually rising. For now, TD23 is in the WS 101 levels, but there is plenty of upside potential, especially if we see a further injection of cargoes into the market. Busy days continue in the Med as competition with Aframaxes gets fiercer. Rates keep firming, CPC/UKCM has been put on subjects at WS 203.5 for 10 November dates.

On the Aframaxes, enquiry in the Med continues, but rates have flattened as dates are shifting towards the end of the first decade of November. The list remains healthy as we go into the weekend, with only three FOC ships at the time of writing. Meanwhile, ballasters to the US continue, with two ships going in search of better fortunes this week. Charterers didn't seem to be in any major rush this week, but rates kept firming, with TD19 now at WS 237 levels.

It was a rather slow week in terms of fixing in the North Sea and, while dates kept pushing, they quickly got covered, keeping rates steady around last done. The Baltic is getting tighter, but enquiry keeps coming out gradually. Still, with the Russian crude embargo now looming, some owners seem to have started to pack up and go elsewhere, namely the US/ECC, where the market remains robust and there is no risk of getting in sanctions' crosshairs.

## Product Tanker Comments

The LR2 market in the AG remained volatile this week amid times of a complete lack of demand, and days of unabated bullishness. As the weekend approaches, owners are not keen on westbound runs and, despite a large number of prompt ships, charterers are struggling to get them below last done levels. On the eastbound, TC1 has dropped off to WS 195 and, with owners reluctant to go west, we could see more ships funnelled into this trade, putting further pressure on freight. It has been a positive week for LR1 owners in the Middle East, the tonnage list has thinned out, the paper market is trading in the mid WS 200s for TC5, and owners are very bullish on their freight ideas. Westbound freight levels have also moved up and, while a lot of owners are reluctant to send ships in that direction, rates have lifted to USD 3.4 Mn for a WCI/UKC run.

The MR market in the Middle East set off at quite a pace on Monday and never really looked back. Despite the Diwali Holiday in Singapore and in India, there were large volumes of cargoes quoted on Monday. Rates for TC17 ticked up, reaching WS 400 as we go into the weekend. By the middle of the week, the amount of available units in the next 10-day window had dropped below the yearly average, and it is now clear that owners are looking to increase their ambitions on freight rates. While ships open in WCI have hitherto ballasted to Singapore as a default option, with the AG market now firming, we could see owners point their bows in that direction, which could weaken the momentum that has built up so far. This could be more of an issue for the next fixing window, but in the here and now the market is firm and owners are in control.

It was clear from the beginning of the week that freight levels for MRs in North Asia would come under pressure. The tonnage list had built up to a level where owners were becoming increasingly concerned about covering their spot units. Korea/Australia went on subjects at WS 375 and, while owners are hopeful that this drop will represent the bottom of the market, the reality is that charterers are likely to test this further and we could see rates edge towards WS 350 levels. The Singapore market saw some drops in freight levels earlier in the week, TC7 is hovering at around WS 340 levels and could see more pressure next week from ballasters ex-ECI.

It was a disappointing week for the MRs in the Continent. A lack of volume allowed the front-end of the tonnage list to build up and leave freight rates correcting down to WS 280 for TC2 voyages. The US market has remained steady at best, and this has swayed some owners to ballast to Europe. There is hope next week will be more active and help add a layer of support. Meanwhile, Handies remained sanguine, with most activity destined for Med discharge, which has made things tricky as owners try to keep their fleets balanced. For now, Cross-Cont is at WS 250 and ARA/Med at WS 240-245, but very tight on the front. Russian exports are getting busier, but this remains a very hard market to call as we continue to see new entities at any given time, which makes it difficult to gauge which is firm and which isn't. Still, freight has been secured at WS 400-505 through the week basis UKC.

| | BDTI | BCTI |
|---|---|---|
| | 1823 | 1227 |
| Δ W-O-W | ↑Firmer | ↑Firmer |

**BDA**

| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML |
|---|---|---|---|
| This week | 594.0 | 599.2 | 605.2 |
| Δ W-O-W | -1.6 | -1.1 | 1.5 |

**BALTIC TCE DIRTY**

| | Route | Qnt | $ / Day | W-O-W |
|---|---|---|---|---|
| TD1 | ME Gulf / US Gulf | 280,000 | 17,579 | ↓Softer |
| TD3C | ME Gulf / China | 270,000 | 61,158 | ↑Firmer |
| TD6 | Black Sea / Med | 135,000 | 87,679 | ↑Firmer |
| TD8 | Kuwait / Sing. | 80,000 | 41,870 | ↑Firmer |
| TD9 | Caribs / US Gulf | 70,000 | 103,727 | ↑Firmer |
| TD14 | Asia / Australia | 70,000 | 47,741 | ↑Firmer |
| TD17 | Baltic / UKC | 100,000 | | ↑Firmer |
| TD20 | WAF / Cont | 130,000 | 68,794 | ↑Firmer |

**BALTIC TCE CLEAN**

| | Route | Qnt | $ / WS | W-O-W |
|---|---|---|---|---|
| TC1 | ME Gulf / Japan | 75,000 | 33,733 | ↓Softer |
| TC2 | Cont / USAC | 37,000 | 25,659 | ↓Softer |
| TC5 | ME Gulf / Japan | 55,000 | 27,697 | ↓Softer |
| TC6 | Algeria / EU Med | 30,000 | WS 275 | ↑Firmer |
| TC7 | Sing. / ECA | 30,000 | 35,353 | ↓Softer |
| TC8 | ME Gulf / UKC | 65,000 | 53.66 | ↓Softer |
| TC9 | Baltic / UKC | 30,000 | WS 445.71 | ↑Firmer |