# AFFINITY TANKER WEEKLY

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## Crude Tanker Comments

After an uncertain Monday, VLCC activity in the MEG has been increasingly picking up this week, both over and under the radar, as charterers saw the end of second decade stems, and the third decade started in full swing. As we enter the weekend, activity remains healthy, and rates keep firming at the upper end of the range. TD3C is now back above WS 100, at WS 105 – 110 levels, yielding earnings of almost USD 76k/day for a non-ECO ship, and about USD 85k/day for an ECO ship. There still are a few outstanding cargoes and, given that the tonnage list remains balanced, we could see more firming come Monday.

In the Atlantic, the Americas remain active, with a parallel market developing on Tuesday for older and modern tonnage, the latter commanding a premium given the prevalence of handicapped ships in the list. As we reach the end of the week, the list is thin enough for rates to firm at USD 12.9 Mn for TD22. This translates into earnings to the tune of around USD 73k/day for non-ECO ships, and USD 83k/day for ECO ships.

The WAF market also picked up amid steady activity, enough to move TD15 rates back to parity with TD3C on Wednesday. However, things started to go downhill since then, as activity petered out and freight slipped to WS 105.8 at close on Thursday. There is an eastbound stem outstanding for now and, with firm sentiment elsewhere, rates here should keep holding in their range as we go into the weekend.

Meanwhile, activity dried up a bit for Suezmaxes in WAF, and TD20 subsequently retreated marginally, reaching WS 186 levels at close on Thursday. Still, with a tonnage list not exactly at its slimmest, and very little outstanding, it cannot be ruled out that we could see less being done next. It is a similar story in the AG, where activity has been fading since Monday and, as a result, rates softened slightly in the first half of the week. Despite this, rates have managed to hold since then, with TD23 hovering around the WS 95 levels – we have seen Basrah/UKC on subs at WS 95 for 16 November dates.

It was a slow start to the week for Aframaxes in the Med, but then things picked up, with 10 cargoes worked on Tuesday alone! The list is once again looking short (three FOC at the time of writing), even with dates forward and, in addition to that, we have seen four ships ballasting TA so far this week. As a result, TD19 inched up to WS 235 levels, which has been repeated a few times now, but resistance is definitely growing, and more could be next done as third decade stems get worked in full swing.

In the North, action continues with long-haul cargoes at the forefront. The list is once again slim and tight on the front-end with just two FOC ships. Ballasters to the US continue to help keep sentiment sanguine, five ships so far this week, and finally local runs have started to rise after weeks of endless repeats by shuttles. TD7 is at WS 210 levels, but given how tight the list is in both the Baltic and North Sea, there is scope for further rises going forwards.

## Product Tanker Comments

This has been a week that LR2 owners would like to forget, after weeks of resistance in the face of diminishing demand and a lengthening position list, rates have reached the doldrums. Westbound freight has dropped from a high of USD 4.2 Mn for Kuwait/UKC to USD 3.9 Mn at the end of the week. TC1 is yet to be tested, but we have seen charterers expressing ideas at WS 170 off forward dates on a cargo that received multiple offers. Looking into next week it seems unlikely that we will see much difference in freight rate trajectory and for now the focus for owners is on clearing prompt tonnage.

In contrast, the LR1s sector looks in better condition. Rates have firmed for AG/UKC to USD 3.5 Mn and TC5 ticked up to WS 215. Eastbound rates are a far cry from what owners were touting at the beginning of the week, but given that the LR2 market has crumbled so much, this can be viewed as a decent achievement from an owner's perspective. The LR1 tonnage list isn't awash with quality units, so there is some potential for firming here, but so far charterers have proved resourceful at utilising some of the older more compromised tonnage.

AG MRs have had an encouraging week in terms of activity, but charterers have done well to hide the majority of that volume from the market. TC17 has been fixed circa 10 times at WS 370, which is a drop from the WS 400 agreed at the end of last week, but with WS 370 looking like the bottom of the market and sentiment improving, owners will likely be satisfied. Looking at the next week,, the list is considerably tighter, and it is likely that owners will be pushing going forward.

To use a well-worn cliché, but one that aptly describes the Asian MR market this week, it's been a game of two halves. Rates crashed, particularly in Singapore, during the first half of the week with TC7 dropping to WS 310. But an injection of cargoes midweek has seen rates rebound and WS 360 is on subjects for the same run (albeit as a replacement). North Asia has had a similar influx of stems, rates have ticked up, but as the week draws to an end, the owners' rhetoric has been quite fiery, and we could well see some sizable shifts upward in freight levels next week.

This was a pretty dreary week for the US markets, owing to an oversupplied position list and enquiry lacking any significant weight. Long-haul rates have taken a step down, whilst short-haul routes are trading sideways at USD 675k for USG-Caribs. USAC tonnage most likely ought to be ballasting to Europe, in which case it would remove about five MRs, which will certainly help improve its shape, but it remains to be seen if they will actually all ballast away.

Meanwhile, the UKC is busier after an underwhelming first half of the week, but rates remain sideways for now with TC2 at WS 275. It was a rather disappointing week for Handies, with little to stop TC6's slide. WS 240 was the lowest done at the time of writing but even less cannot be ruled out for next done. With the whole West in the doldrums, we have seen one unit ballast to the Red Sea from the USEC, skipping the USG and UKC/Med altogether.

| | BDTI | BCTI |
|---|---|---|
| | 1828 | 1179 |
| Δ W-O-W | ↑Firmer | ↓Softer |

**BDA**

| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML |
|---|---|---|---|
| This week | 592.4 | 598.1 | 599.6 |
| Δ W-O-W | -1.5 | -1.1 | -5.7 |

**BALTIC TCE DIRTY**

| | Route | Qnt | $ / Day | W-O-W |
|---|---|---|---|---|
| TD1 | ME Gulf / US Gulf | 280,000 | 25,048 | ↑Firmer |
| TD3C | ME Gulf / China | 270,000 | 71,986 | ↑Firmer |
| TD6 | Black Sea / Med | 135,000 | 87,606 | ↑Firmer |
| TD8 | Kuwait / Sing. | 80,000 | 45,385 | ↑Firmer |
| TD9 | Caribs / US Gulf | 70,000 | 96,485 | ↑Firmer |
| TD14 | Asia / Australia | 70,000 | 50,017 | ↑Firmer |
| TD17 | Baltic / UKC | 100,000 | | ↑Firmer |
| TD20 | WAF / Cont | 130,000 | 68,358 | ↑Firmer |

**BALTIC TCE CLEAN**

| | Route | Qnt | $ / WS | W-O-W |
|---|---|---|---|---|
| TC1 | ME Gulf / Japan | 75,000 | 32,929 | ↓Softer |
| TC2 | Cont / USAC | 37,000 | 25,817 | ↓Softer |
| TC5 | ME Gulf / Japan | 55,000 | 29,809 | ↓Softer |
| TC6 | Algeria / EU Med | 30,000 | WS 241.88 | ↑Firmer |
| TC7 | Sing. / ECA | 30,000 | 33,372 | ↓Softer |
| TC8 | ME Gulf / UKC | 65,000 | 54.36 | ↓Softer |
| TC9 | Baltic / UKC | 30,000 | WS 431.07 | ↑Firmer |