AFFINITY TANKER WEEKLY

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Crude Tanker Comments

A quiet spell of activity characterised the VLCC markets this week. In the Middle East, the drip-fed amount of cargoes was no match for the lengthening list and, as a result, rates started to slide, first gradually, and then more dramatically. TD3C fell from WS 108 last Friday to WS 104 on Monday, WS 98 on Tuesday, WS 89 on Wednesday, and then WS 86 on Thursday in what represents a drop of almost 20 WS points drop on the week! Charterers remain in control, with the third decade in the works as we go into the weekend.

It's quiet also in the USG, with a few ships going on subs and failing in the early part of the week, and not much else happening since.

WAF remained quiet with nothing major going on – just a couple of east- and westbound ships going on subs. Also here, freight shed huge chunks, sliding from WS 109 last Friday to WS 80 levels being posted at the time of writing. Still, with January dates in full swing, there is a chance we could see some movement next week – if not an uptick, maybe a slowdown in decline.

It is a similar story for Suezmaxes, with activity petering out in WAF as fresh cargoes have started to dwindle, and rates have subsequently fallen spectacularly - TD20 is now trading back at WS 180 - 190 levels, from WS 212 assessed last Friday. Also, the AG has a softer feeling as the market is taking a breather from the past few days' activity. TD23 is at WS 99 but, unlike WAF, here rates didn't slide by too much – TD23 last Friday was at "just" WS 116. It is getting quieter also in the Med with Mellitah/UKC-Med going on subs for WS 235 - 250 for 7-8 Dec dates, however, Black Sea loadings are in for some suffering, after dropping from 319 last Friday to WS 279 at the time of writing. The upcoming 5 December ban of Russian crude imports to the EU will dampen short-hauls there even further. Still, one man's misfortune is another man's opportunity. As a result, long-hauls all stand to benefit from this and the G7 price cap on Russian crude, stretching distances and adding to tonne-mile demand for both imports to Europe and exports from the Black Sea.

Med Aframaxes suffered a bit this week, with not as much demand as owners hoped, prompting a general softening of freight rates. TD19 is now in the WS 357 levels, from WS 430 last week. Still, earnings remain robust - about USD 135k/day for Non-Eco ships and around USD 139k/day for Eco ships.

With the US market now softer - rates have lost significant ground since Monday, sentiment seems to be uncertain also in the North Sea, as enquiry remains wobbly and without significant escape outlets for ballasters, the list might start piling up, adding some pressure also here.

Like for the Suezmaxes, hope is the last to die, as the upcoming Russian crude ban and price cap is likely to turn Aframaxes' fortunes for the better – not that current earnings are at or below OPEX levels, quite the opposite – especially once all European refineries come online and the build-up in stocks is worked through. Interesting times ahead…

Product Tanker Comments

LR2s in the Middle East seemed to take a break from last week's burst of activity. Laycans being worked have been a lot thinner in number over the last five days and there were fewer of the very prompt laycans that caused the market spike as much as it did last week. As opposed to asking for even more stratospheric numbers there is now more of a sense of realisation of how much there is on the table to take advantage of, and to do the last long-haul voyages on a ship at these rates will sign off the vessel at its highest TCE rates for 2022. Westbound distillate movements have featured more this week than naphtha runs, and rates for UKC have slipped a little to USD 6.1 Mn on subs ex-Jubail and also USD 5.9 Mn for a Sikka Load. TC1 has held well at WS 285-290 levels. Even though it has been a calmer week, these freight levels are still so high that owners are in optimistic spirits going into the weekend with a slim list and more cargoes likely to come in the next week.

Westbound runs have kept LR1s going this week, with renewed demand after a quiet spell. Rates have moved to USD 4.8 Mn being on subs from WCI. TC5 has been calmer this week but a replacement job commanded WS 320 for cover amid a relatively tight list. Owners are positive moving into next week in the same vein as the LR2s.

MR owners continue to feel bullish about the North Asia market and have started to ballast their vessels up from SE Asia, enticed by the rich rewards. In fact, freight has been steadily firming throughout the week - Japan/Australia is on subjects at WS 462.5-465 and North China/Singapore is at USD 1.8 Mn. The tonnage list for Korea is very tight at the moment, but with more ships ballasting to the North, rates next week will likely be steadier. Meanwhile, rates in Singapore are likely to firm due to this exodus of ships from the region. TC7 crept up to WS 442.5 and looks set to continue to firm.

Whilst MR activity in Northwest Europe has been slow throughout the week as arbitrage windows remained closed, the tonnage list has remained tight, allowing owners to push freight up despite the minimal activity. TC2 closes the week at WS 400 levels. Ice vessels have been tight also, and charterers who require ice-class have paid WS 460 ex-Baltic this week.

It was a volatile week for the Handies. A replenished list early in the week started to pressurise freight, but steady activity quickly saw the market rebound, finishing with a tight position list. As a result, X-UKC is at WS 390, and Russian exports pay WS 600. Med Handies had a surprisingly quiet week, combined with a slowly tightening list. As a result, rates remained steady around the WS 430-435 mark for TC6. Owners remain positive going forwards.

	BDTI	BCTI
	2220	1806
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	521.4	523.9	525.7
Δ W-O-W	-6.1	-6.7	-6.8

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	24,144	↓Softer
TD3C	ME Gulf / China	270,000	41,038	↓Softer
TD6	Black Sea / Med	135,000	139,123	↑Firmer
TD8	Kuwait / Sing.	80,000	71,478	↑Firmer
TD9	Caribs / US Gulf	70,000	115,731	↑Firmer
TD14	Asia / Australia	70,000	73,105	↑Firmer
TD17	Baltic / UKC	100,000	192,493	↑Firmer
TD20	WAF / Cont	130,000	71,677	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	68,590	↑Firmer
TC2	Cont / USAC	37,000	49,880	↓Softer
TC5	ME Gulf / Japan	55,000	55,716	↓Softer
TC6	Algeria / EU Med	30,000	81,339	↑Firmer
TC7	Sing. / ECA	30,000	53,237	↓Softer
TC8	ME Gulf / UKC	65,000	63,247	↑Firmer
TC23	ARA / UKC	30,000	53,983	↓Softer