



Crude Tanker Comments

It has been a quiet the week for VLCCs in the AG. Still, rates managed to hold within the mid WS 70s range up to the mid-week point, partly aided by some under the radar fixing on Tuesday. On Thursday it seemed that rates bottomed out, with plenty of third decade stems yet to be worked. As the week is coming to an end, charterers are still working through the second half of third decade stems, giving owners some impetus to push TD3C close to the WS 80 mark in the process.

Looking West, ballasters in WAF have started to pick off Suezmax stems amid a lack of VLCC cargoes - WAF/UKC is on subs at WS 90 for 24-25 December dates, and there still are a few UKC-bound outstanding stems that could potentially support freight further.

In the USG, TD22 corrected downwards early this week, as USD 11.35 Mn has been put on subs on a remote sire ship. However, the market softened progressively, with the Baltic Exchange currently assessing TD22 at USD 9.5 Mn. Meanwhile, activity ex-Brazil remains steady, keeping rates off their lows - Brazil/China is on subs at WS 70.5 for 9-10 January dates.

On the Suezmaxes, the week started off with a couple of cargoes quoted in WAF - positive but nothing ground-breaking. A slower VLCC market could have played a part in putting some pressure on rates, which softened gradually to close the week at WS 180 for TD20. Still, WS 177.5 is on subs for the same, and some more softening could well be on the cards come next week. In the AG, enquiry started to pick up a bit after a slow start. However, it wasn't enough to perk rates up - quite the opposite as things once again slowed down and rates settled lower, with TD23 closing the week trading sideways at WS 93 levels. Meanwhile, rates in the Med remain firm, with ex-Black Sea runs commanding increasingly higher premiums as the delays in the Turkish straits are starting to spice things up a bit.

In fact, almost 30 ships have piled up in Turkish waters and are waiting for approval in order to cross the Straits and reach the Mediterranean. This is likely to restrict free-of-cargo tonnage in the Med, especially Aframax and Suezmaxes.

And while the market isn't exactly crazy busy at the moment - CPC December dates are nearly covered - uncertainty remains. As a result, sentiment is edging up and owners whose ships remain on the list are trying to push for higher freight rates while TD19 slowly rises. If to this one adds bad weather forecasts for the next week, we could really see the market shoot up again, especially should demand start to firm.

Meanwhile, in the North Sea, vessels continue to cover quietly, but rates remain largely flat near/at last done levels. The list remains fairly balanced - three FOC ships at the time of writing - and all the natural North Sea players apart from one are limited.

Product Tanker Comments

The LR2 list in the Middle East was very slim this week, and owners' confidence remained high. However, charterers have managed their requirements well by securing tonnage very far forward from far and away (including Mediterranean ballasters) to hold freight steady for laycans running right up to the end of the year. Westbound demand has simmered down a bit in terms of volume but can be assessed at USD 5.9 - 6 Mn levels, and TC1, which has been busier, has held steady at WS 290 with several deals done. The list is still slim for Monday and owners seem to remain content to sit tight until then.

The LR1s is where the focus has been this week. Short-haul local contractual demands have tied up a lot of good ships over the last couple of weeks, which has really thinned down quality tonnage, so when longer haul demand flared up this week with big emphasis on westbound deliveries, the market was in for a wild ride. These westbound movements correspond to the seasonal volatility common at this time of year and, as a result, westbound freight sprang up with the normal fixing window commanding as much as USD 5.1 Mn for UKC. As an indicator as to how tight this market is, a charterer was caught out with a prompter replacement which led to USD 5.3 Mn being agreed on subs on Sikka/UKC, which is probably the largest number ever seen for this run. TC5 has been a little calmer, but with last done at WS 320 before the west trade exploded, the next agreed deal should be more in the region of WS 350. Earnings are between USD 65k - 90k/day depending on the route, and owners should look to continue this drive into the next week as there are still some requirements still looking for cover at this week's close.

The Singapore MR market closed the gap on North Asia as TC7 shot up to WS 465 on subjects. However, it has been a week where cargoes have not been forthcoming and owners are more pragmatic than they were seven days ago. As a result, there might be some softening in the Far East in the next couple of weeks.

The UKC MRs enjoyed more steady fixing this week. Pockets of enquiry with various discharge options helped maintain support for current levels of TC2, around WS 410-415 levels. With the US market still performing so well, it is likely that we will keep seeing ships head towards the USG, keeping the tonnage list in Europe well balanced. Short-haul business is continuing to get more interesting amid reports of ice building in certain Russian ports - WS 550 for a Russian lifting has been confirmed and there are now rumours of much higher numbers being asked.

The Handies have felt quieter this week with less enquiry for X-UKC voyages. Still, with several weather delays coupled with congestion in certain ports, this disruption has left rates at WS 390 for the week. Baltic/UKC ex-Russia is paying as high as WS 625 for now, but this is likely to shoot up further.

		BDTI	BCTI	
		2110	1835	
Δ W-O-W		↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	516.4	519.5	521.9	
Δ W-O-W	-5.0	-4.4	-3.8	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	25,370	↓Softer
TD3C	ME Gulf / China	270,000	49,113	↑Firmer
TD6	Black Sea / Med	135,000	159,383	↑Firmer
TD8	Kuwait / Sing.	80,000	70,059	↑Firmer
TD9	Caribs / US Gulf	70,000	49,938	↑Firmer
TD14	Asia / Australia	70,000	71,192	↑Firmer
TD17	Baltic / UKC	100,000	196,293	↑Firmer
TD20	WAF / Cont	130,000	71,055	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	71,178	↓Softer
TC2	Cont / USAC	37,000	51,676	↓Softer
TC5	ME Gulf / Japan	55,000	63,682	↓Softer
TC6	Algeria / EU Med	30,000	77,866	↓Softer
TC7	Sing. / ECA	30,000	56,727	↓Softer
TC8	ME Gulf / UKC	65,000	70,955	↑Firmer
TC23	ARA / UKC	30,000	59,011	↑Firmer