



## Crude Tanker Comments

Fresh enquiry and some under the radar fixing for VLCCs in the AG at the beginning of the week kept rates on the upper side of ranges. First decade cargoes hitting the market meant steady activity around the mid-week point, keeping rates higher. However, as the week draws to a close, things seem to have started to settle down a bit, with minimal fresh activity (and a few COAs) as charterers are likely to be looking to take some heat out of the market. At the time of writing, MEG/China is on subs at WS 82 levels for 2-4 January dates. With not many cargoes outstanding at the time of writing, it remains to be seen whether these levels will hold as we enter the final stretch of the year.

In the Atlantic basin, rates pressed higher on Monday on the back of USG/UKC (put on subs at USD 5 Mn levels for early second decade of January dates) and Brazil/East (on subs at WS 75.7 for 13-14 January dates) volumes. Meanwhile, TD22 remained largely steady with USD 9.5 Mn on subs for 10-15 Jan dates. Despite a few ships failing around Wednesday, rates haven't moved by much, and as the week is coming to an end, there is a quiet feeling in the market. Meanwhile, WAF remained quiet throughout the week, with rates largely untested - TD15 went on subs at WS 82.5 on Wednesday, but at the time of writing, the Baltic Exchange is assessing the same around the WS 81.5 mark.

The Suezmax market has been on a downtrend this week – with little enquiry and healthy tonnage lists for the remainder of the month it feels like the market is yet to find its floor. In WAF, TD20 is assessed at WS 170 by the Baltic Exchange, but we have seen Nigeria/UKC go on subs at WS 180 for 30 Dec dates. And while owners are likely to try the impossible and put some pressure on rates to keep them above WS 170, we can expect freight to continue its downward trend unless there is some more volume coming to WAF. The AG is also quiet, with TD23 stable in the WS 92.5 region. But it wouldn't be surprising if the next AG/West starts with an 8. The overall complex remains steady/soft. Meanwhile, rates in the Med have started to calm down a bit, also helped by easing delays in the Turkish Straits.

On the Aframax, X-Med seems to have settled for now, with CPC alone keeping sentiment afloat. And while the market feels a touch weaker, the list isn't overly long, and rates remain relatively high, at WS 370 levels for TD19, guaranteeing owners with a daily TCE of between USD 145k-150k/day. Meanwhile, CPC loadings remained extremely strong, with WS 500 repeated mid-week. With 32 stems in January, this is the strongest Aframax loading programme since the beginning of the war in Eastern Europe, and one of the best performing Afra markets ever!

In the North, rates kept repeating near last done levels as activity remained incremental, and the list balanced throughout the first half of the week. The market started to slow down subsequently, and freight rechecked while tonnage started to build up. While there is a feeling that rates might be tested further, the slide could be minimal, as there are several owners considering ballasting to the Med, and poor weather is expected in the next week.

## Product Tanker Comments

The LR2s have managed to shake off the aura of their recent calmer spell, in part helped by a strong LR1 market, and also their own slim position list that helped owners bolster their barricades in preparation for the end of the year. We started out the week with a USD 5.675 Mn confirmed for a compromised unit on a very prompt cargo for AG/UKC, but this has gently amped up over the last five days and yesterday a fully approved ship managed to lift freight levels to USD 6.1 Mn for a Kuwait loading on a much more vanilla run. TC1 has been a touch calmer, but there has been enough to move freight up to WS 305 from WS 290 levels. Good optimism remains for the balance of the year with January laycans to feature more consistently in the near-future.

Fireworks on the LR1s. The week started with a very thin list - only 14 ships over the next 15 days which is distinctly fewer than the YTD average of 26. When considering how many ships are tied up in local business with the usual delays in itinerary, and now being at the end of the year where all the 2007 built ships are over 15 years old, there was only going to be a 'light the blue touchpaper' kind of moment. Demand hasn't been too spectacular, but again, it didn't need to be. Rates have been supercharged where tested and the big breakthrough moment was USD 5.5 Mn on subs for AG/UKC and WS 370 on subs for TC5. Earnings are between USD 67,000/day and USD 95,000/day depending on the voyage, and owners have started signing their Christmas Carols in earnest.

It hasn't been all gravy for MR owners in North Asia this week. Some owners with compromised vessels, whether it be age or cargo history, started to discount the market to get their ships moving, naturally this pulled the rug under the feet of the well approved CPP tonnage, and rates have readjusted accordingly. However, activity levels remain good as the week draws to a close, this could be enough to hold freight levels where they are for the time being, always provided owners are all singing from the same hymn sheet. The Singapore MR market tends to be the most vulnerable in moments of flux like this, and there now are a few spot units FOC as the week draws to a close. This is a point of concern for owners and, without a surge of demand next week, we could be in for some corrections.

In the West, a fairly slow start this week allowed the MR list to replenish on the front-end, causing rates to dip down to around WS 365-370 for TC2. This has however encouraged more charterers to quote cargoes and further test the market. There is enough support for current levels to be maintained at current levels, and of course next week there could be a pre-Christmas rush potentially putting some further upwards pressure. Russian Baltic/UKC business is becoming more interesting as ice starts to build in certain ports, coupled with the strength of the Handies, we expect levels to be around WS 700. Meanwhile, the US market has fallen hard, with rates now paying as little as WS 200 for TC14 and USG/Chile down to USD 2.4 Mn levels. And with a build-up of tonnage in the USG and not much enquiry, we will likely see owners turn their attention back to Europe.

It was a busy opening to the week for the Handies. Supply was also tight, which helped the market climb to WS 400 for X-UKC. Activity slowed towards the end of the week so we will likely have some ships to clear through again at the start of next week. Russian exports continue to climb and WS 890 levels is on subs and there is the feel that early Jan volumes will be high. It's a strong market in the Med, with TC6 jumping 50 points to WS 470.

		BDTI	BCTI	
		2092	2063	
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	Qty	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	26,859	↑Firmer
TD3C	ME Gulf / China	270,000	50,743	↑Firmer
TD6	Black Sea / Med	135,000	153,610	↑Firmer
TD8	Kuwait / Sing.	80,000	70,193	↑Firmer
TD9	Caribs / US Gulf	70,000	48,740	↑Firmer
TD14	Asia / Australia	70,000	72,033	↑Firmer
TD20	WAF / Cont	130,000	63,895	↓Softer
BALTIC TCE CLEAN				
	Route	Qty	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	77,295	↑Firmer
TC2	Cont / USAC	37,000	46,047	↓Softer
TC5	ME Gulf / Japan	55,000	69,584	↑Firmer
TC6	Algeria / EU Med	30,000	87,961	↑Firmer
TC7	Sing. / ECA	30,000	55,459	↓Softer
TC8	ME Gulf / UKC	65,000	75,060	↑Firmer
TC23	ARA / UKC	30,000	59,839	↑Firmer