AFFINITY TANKER WEEKLY

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Crude Tanker Comments

There was a slow drip of fresh first decade cargoes earlier this week in the AG and, while this didn't translate into any significant movement upwards in terms of freight, owners have started to show some resistance to last done levels. While on Tuesday things failed to pick up significantly - just some bits and bobs, especially under the radar, from Wednesday things started to incrementally pick up amid Saudi dates getting finalised. Rates kept ticking upwards, boosted by steady enquiry and decent amounts of fixing both above and under the radar. TD3C gained over 2 WS points since Monday and, at the time of writing, it is in the mid-WS 46 levels. Meanwhile, earnings remain well above breakeven levels, with non-ECO ships just shy of USD 21k/day, and their eco counterparts making just below USD 30k/day.

The West remained largely steady, with just enough activity to prevent major slides in rates. From mid-week onwards, we started to se a decoupling between the two sides of the Atlantic, with the USG softening under last done, and WAF showing some signs of resistance, with a steadier feeling in the market. Still, things started to pick up a bit on Thursday, with incremental activity in both the USG and WAF keeping rates within their current ranges. For now, TD15 is steady at WS 50.8, and TD22 is a touch softer at USD 8.17 Mn. With Chinese New Year holidays looming, we could see rates soften across the board as the market takes a breather.

On the Suezmaxes, sentiment started strong in WAF with WS 148 going on subs on Monday, and a record 30 Suezmaxes getting fixed in a 10-day window, the highest since June 2021. And things were so good that VLCCs have started to come into play on TD20 with 130KT x WS 140 getting paid. Charterers strived to keep Suez activity to a minimum and, as a result, rates started to come off, especially as the tonnage lists lengthened significantly. TD20 dropped over 20 WS points from its Monday peak, and it is at WS 125 at the time of writing. However, given the current state of things, further softening cannot be ruled out completely. The AG remained largely slow, with rates under less pressure compared to WAF. However, as the week is coming to an end, rates and sentiment are starting to follow the other Suezmax markets, with lists lengthening and a lack of fresh enquiry.

Aframaxes had a fairly balanced start to the week - Black Sea rates kept repeating, while the list of X-Med willing remained relatively short. As the week went on, Afra rates began to firm on the back of poor weather, and a tight list from the front-end, with a continued lack of X-Med players even off later dates. Also, the Suezmax list tightened significantly, yielding Afras more room for gains. As the week is coming to an end, these and potential replacement cargoes are threatening to further escalate rates in this market, giving a firm feeling overall.

Meanwhile, Afras in the North had an active start of the week, which saw a clear-out of some players. However, subsequent days of failing vessels have repopulated the list somewhat. Despite some continued action, rates remained around last done as dates shifted. Still, as the week is coming to a close, usual North Sea players had a clear-out, while the Med keeps attracting tonnage (three ships this week).

Product Tanker Comments

LR rates in the AG have softened dramatically in some areas, and in other there was more of a gradual decline. Cargo demand has sniped a few ships off the LR1 and LR2 lists, so owners will be slightly more reassured when we enter the very quiet start of next week and will likely still be some acceptance that there does need to be more demand to start stopping the rot on numbers. TC1 dropped down to WS 145 and Westbound from the AG is likely to be next concluded around the USD 3.5-3.75 Mn mark, a decent drop down from the last done of USD 3.8 Mn ex-WCI. Some owners have favoured time-killing around WCI and EAFR and local AG runs as opposed to committing on long-haul cargos where the weaker TCE is protracted over more sailing days.

The LR1 market has slipped, but some cargo flow has indeed started to kick in to help alleviate some of the burgeoning and record-breaking lists that we have witnessed this year so far. TC5 has sharply dropped to WS 152.5, which gives a return of around USD 25k as a TCE. Westbound also suffered with USD 2.875 Mn on subs for a Jubail loading. Given that plentiful tonnage remains on the list, further softening is expected, but perhaps future freight drops won't be as significant as what we have recently seen.

It has been an active and slightly more positive-looking market for the MR owners in North Asia this week. The tonnage list has tightened up and there are still stems yet to be covered. Freight rates have fallen by USD 50k for a TC11 run from USD 900k to USD 850k, but given the activity levels and paucity of tonnage, it could well be that rates start to bottom out here. The MR market in the Southeast Asia started the week with uninspiring levels of demand. Enquiry started flowing by midweek where we saw rates decline by 30 WS points for a TC7 run, from WS 230 to WS 200. However, WS 200 has now been repeated a couple of times, giving owners cause for optimism that we might well have seen the bottom of the market. With forward fixing mostly done and the Chinese market not in operation next week, the real test for both markets will be during the following week, when we are expected to see an oversupply of ships returning to the market. Still, stable sentiment remains as owners start preparing for the real test.

It has been an unsettled week for the MRs in the UKC. After a promising beginning, levels seemed to fade away as the tonnage list lengthened, and cargo enquiry dwindled with rates now closer to WS 200. With the US market still underperforming, many ships will likely continue to ballast to Europe, adding to the list. Baltic/UKC runs have slowed down for certain owners as the 5 February deadline for Russian exports fast approaches - WS 550-600 has been fixed ex-Russia. Handies slumped to WS 150 for X-UKC and, while this seemed to have encouraged some cargoes to be quoted, for now the market remains flat.

	BDTI	BCTI
	1412	726
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	526.3	530.0	533.0
Δ W-O-W	-2.7	-2.5	-2.3

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	5,428	↓Softer
TD3C	ME Gulf / China	270,000	18,125	↑Firmer
TD6	Black Sea / Med	135,000	115,152	↑Firmer
TD8	Kuwait / Sing.	80,000	69,107	↑Firmer
TD9	Caribs / US Gulf	70,000	45,701	↑Firmer
TD14	Asia / Australia	70,000	74,711	↑Firmer
TD20	WAF / Cont	130,000	52,287	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	24,049	↓Softer
TC2	Cont / USAC	37,000	24,232	↓Softer
TC5	ME Gulf / Japan	55,000	22,309	↓Softer
TC6	Algeria / EU Med	30,000	26,418	↓Softer
TC7	Sing. / ECA	30,000	20,257	↓Softer
TC8	ME Gulf / UKC	65,000	23,511	↓Softer
TC23	ARA / UKC	30,000	4,597	↓Softer