AFFINITY TANKER WEEKLY

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Crude Tanker Comments

It was a sluggish start to the week for VLCCs in the AG, with Chinese New Year festivities keeping fresh enquiry at bay. Things started to pick up only around Wednesday, with charterers seemingly in no rush to fix. The majority of first decade cargoes has been covered and TD3C remained steady at WS 47 levels. The market got quieter one again on Thursday, but there wasn't any slide in rates as owners managed to dig their heels in, actually gaining a few decimal WS points. The week has closed with just a feeble slow drip of cargoes getting fed to the market – not enough to move freight significantly but, with a busier week on the horizon, owners seem to be geared to break the status quo and push for higher rates.

In the Atlantic, limited activity throughout the first half of the week failed to give rates a boost - quite the opposite, with tonnage repopulating the list, we have seen rates soften progressively. WAF remained largely quiet with nothing major to report – VLCCs have been snatching some Suezmax cargoes in the first half, but things have settled since then – TD15 is softer in the WS 50 levels from WS 51.5 seen on subs on Monday. Meanwhile, tonnage started to weigh significantly on the USG market, with TD22 adjusting down to USD 7.45 Mn. The Brazil market has seen some activity, not enough to push rates upwards, but given the current state of things, it's better than nothing. And, in all, there is a considerable amount of tonnage off forward dates in the West, which is likely to keep things in check in the near-term.

It was a quiet start to the week also for Suezmaxes. Sentiment seemed relatively positive initially, with rates bumping up a bit to WS 127.5 for 2nd decade of February on TD20. However, things have slowed down progressively since then, with ample VLCC tonnage snatching cargoes, and fresh terms remaining low overall. TD20 subsequently recorrected to WS 125 on Wednesday but, at the time of writing, WS 115 has been put on subs. And, with ample tonnage remaining in the natural fixing window, the bar is getting lower. Slow days continue in the AG, with the list getting longer by the day off natural fixing windows. TD23 is sideways at WS 67 levels, and the outlook ahead isn't exactly promising.

On the Aframaxes, in the Med, the market is once again slow after a burst of activity especially in the early half. The few stems in the works seemed to remain private, but rumours are that large discounts were being achieved. As a result, rates kept getting tested, with TD19 reaching WS 231 on Wednesday, after losing over 12 WS points since the previous session. However, in the second half we saw more of the same, especially as tonnage remains plentiful: LR2s have started to switch to DPP (Aframax earnings are on average USD 40,000/day for a non-eco ship, more than double current LR2 earnings), and there was a steady inflow of ballasters from the North and East. WS 220 went on subs at the time of writing.

In the North Sea, things started to slow down in the second half of the week and, as a result, rates kept circulating around last done - WS 160 levels for TD7. The list remains short on the front-end while ships have continued to ballast Med, and should we things get busy again like in the first half of this week, fortunes could be turned.

Product Tanker Comments

The week only started as quiet as it was always going to with the first two days off to celebrate Chinese New Year, and freight only relaxed off the back of that. TC1 has slumped to WS 100 being on subs. Yanbu/West has been untested this week but, with the West so quiet, we will only see numbers under the last confirmed deal at USD 2.6 Mn that was done on Monday. Westbound from AG/WCI has also slipped right down with the last agreed at USD 3.15 Mn from Sikka. We have been aware of a lot more deals being agreed at the end of last week/beginning of the current one, so the list does look thinner, but charterers are still relaxed and don't feel yet that the markets will strengthen soon.

The LR1 deal count has been steadily building up over the week - deals over and under the radar have salvaged some optimism from owners, and we suspect that freight-wise we might be at the floor in some areas. TC5 has not been that prolific as charterers are preferring to move quietly on LR2s, but WS 135 has been concluded on a couple of occasions. Westbound deliveries slipped to USD 2.8 Mn levels (depending if loading Kuwait, AG or WCI and on ship age), while the transatlantic differential has held around USD 600k for New York, which is in line with what we saw last week. One word of caution is that a lot of the cargoes seen this week were local short-haul runs, so we will probably see these ships back on the lists in the not-too-distant future. For now, owners are working in a market with stronger foundations than we have seen for the majority of the year to date.

With freight rates continuously declining since December, it hasn't been looking exactly idyllic for the MRs in North Asia, and this week has been no exception. It has been a dull market on the back of forward fixing done before Chinese New Year, resulting in supplementary tonnage piling up in the list. Furthermore, MR freight is capped by the LRs, which are trading at close to parity with them. The week ended with Korea/Australia trading at WS 215 - 5 WS points off last week's levels. All in all, unless we see a massive boost in demand after CNY it's unlikely that there will be any significant changes going forward.

Meanwhile, MR owners in Southeast Asia have finally seen a meaningful influx of cargoes. TC7 was repeated at WS 195, again 5 WS points off what was done last week. However, rates will probably level up if we continue to see consistent cargo enquiry next week.

In the West, it was a disastrous week for the MRs with rates falling by over 50 points to around WS 140 for TC2 runs. A combination of a lack of enquiry and a build-up of tonnage, coupled with the owners losing confidence, has depressed rates. With the US market looking equally woeful, it will be a difficult decision for owners which way to ballast, especially if they come open on the USAC. West Africa may seem the more attractive run and, as such, premiums will pay plus 5-10 WS points on top of TC2. Handies started well this week with more cargoes and a tighter front-end of the list, but have since cooled off, leaving rates WS 157.5 for X-UKC.

	BDTI	BCTI
	1323	659
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	529.3	535.2	539.0
Δ W-O-W	0.5	1.7	2.0

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	3,435	↓Softer
TD3C	ME Gulf / China	270,000	17,771	↑Firmer
TD6	Black Sea / Med	135,000	110,945	↑Firmer
TD8	Kuwait / Sing.	80,000	62,959	↑Firmer
TD9	Caribs / US Gulf	70,000	24,908	↑Firmer
TD14	Asia / Australia	70,000	65,961	↑Firmer
TD20	WAF / Cont	130,000	49,536	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	14,140	↓Softer
TC2	Cont / USAC	37,000	9,965	↓Softer
TC5	ME Gulf / Japan	55,000	16,733	↓Softer
TC6	Algeria / EU Med	30,000	28,472	↑Firmer
TC7	Sing. / ECA	30,000	18,934	↓Softer
TC8	ME Gulf / UKC	65,000	22,106	↓Softer
TC23	ARA / UKC	30,000	6,369	↑Firmer