



Crude Tanker Comments

It was a quiet start to the week for VLCCs in the AG, with fresh enquiry remaining lacklustre and relatively few first decade stems left to cover. Rates held close to WS 70 levels for TD3C as the list remained moderate and owners battled to resist lower freight. However, around the mid-week point, a few cracks started to appear and certain owners/relets felt the need to take cover at weaker levels – TD3C was assessed at close on Thursday at WS 65 by the Baltic Exchange.

Markets were on a steadier foot pretty much all week in the Atlantic, with Monday holidays in the US meaning that outstanding activity from last Friday had to be carried over into Tuesday. Some improvement on levels up to the low-mid USD 9 Mns was achieved – TD22 is currently around USD 9.33 Mn, according to the Baltic Exchange, while Brazil/East saw WS 65 paid for 20 – 24 March dates. WAF remains largely untested, but due to MEG fixtures, sentiment dampened marginally here too, with TD15 falling from a peak above WS 69 on Tuesday to WS 66.6 at the time of writing.

On the Suezmaxes, strong USG rates keep attracting ballasters from elsewhere, keeping Atlantic lists tighter until mid-month and rates firmer as we go into the weekend. In WAF, TD20 kept firming throughout the week, resulting in the WS 136 BDTI assessment on Thursday, despite a slowdown in enquiry in the second half of the week. The Med/Blsea markets remained steady throughout, with Turkish Straits delays easing and good weather keeping itineraries from slipping. TD6 is at WS 167 levels at the time of writing; however, given how things are in the Atlantic, it should be easy for owners to push for higher rates. Eastern ballasters have reinvigorated the AG market, with resistance evident on a Rastan/Durban covering at WS 92.5 earlier this week. However, around the halfway point, the market has somewhat been capped by VLCCs and, as a result, TD23 has remained steady in the WS 60s since then.

On the Afras, X-Med rates started the week with downwards corrections - WS 172.5 on subs for Ceyhan/Med off early March dates. Good weather kept itineraries from slipping, and TS straits delays were reduced. The USG remains attractive for ballasters, however, we have only seen two in the last fortnight. We end the week with X-Med cargoes floating around last done – WS 171.25 for Ceyhan/Med for 1-2 March dates. And, while there hasn't been a huge amount of offers, charterers have managed to fix slightly less than last done continuously. We end the week with eight FOC ships, including three ballasting Baltic.

The Nsea remained slow until the very last minute. A busy Thursday saw all cargoes managing to fix at WS 152.5, which is broadly in line with last done. And, with the weekend fast approaching, charterers are once again managing to keep a lid on things, even with the US spiking.

Product Tanker Comments

This week, LR2 volumes being traded in the AG were significantly lower compared to the previous week, but the position list has been slim enough to largely hold rates steady for all good ships. Some charterers tried to optimise the odd compromised vessel that could do the trick at a discounted rate. This has been the case this week for TC1, with WS 182.5 and WS 190 agreed for ships that have struggled with clearances, while fully badged vessels were accepting WS 200-205 levels for the same. Other routes have not been very active - westbound routes have hardly been touched but they are assessed at around USD 4.7-4.8 Mn. With Russian oil working well on the west LR2s, we could see fewer ballasters into this load area, so this might become problematic for charterers in the coming months.

AG LR1s have had quite a calm week overall. Volumes haven't been massive, and they have mostly once again centred around the shorter haul trade routes. Numbers haven't suffered too much as the list is still relatively slim on good tonnage but westbound has slipped by around USD 50k or so, with USD 3.7 Mn on subs for Sikka/UKC. TC5 has been all over the place; first fixed at WS 217.5 and then on subs (and failing) at WS 200. The feeling is that, once this route is tested again, we would expect something below WS 200 if demand stays this low off the back of the slightly cheaper westbound numbers being agreed, as well as longer haul cargoes desired by owners but not tested that much.

It looked positive for MR owners in North Asia at the start of the week, and many were hoping they could use the more slender tonnage list to leverage freight upwards. Rates did tick up for somewhat - Korea/Australia hit WS 285, from WS 277.5 - but this appears to have since stalled. Unfortunately for owners, there hasn't been enough cargo enquiry to push rates up, and next week's activity levels should be crucial to see the short-term market direction. TC7 is at parity with Korea/Australia. But, given the fact that MR rates in the Middle East have taken a nosedive, we will probably see ballasters from ECI heading towards SE Asia, which could well provide further headwinds for owners in the region.

Another very quiet week in the UKC put downward pressure on MR rates, leaving TC2 trading around WS 190, and there is little doubt that it will be tested further after the weekend. Volumes of CPP have shrunk noticeably in the last fortnight or so, allowing the tonnage list to replenish. Russian cargoes continue to flow with a wide range of rates reported from owners who are willing to call there, such as WS 500 levels for Baltic/Med (for discharge in non-EU ports). Ships must also follow ice-breakers for the majority of Russian ports, which adds another layer of complexity.

A lack of activity and substantial tonnage have continued to place Med Handies under pressure this week and, as a result, the market has fallen by about 15-20 WS points since Monday. Last done for TC6 currently is at WS 230 at the time of writing and, with low activity expected next week as charterers travel to London for IE week, we can only expect this pressure to mount further.

		BDTI	BCTI	
		1324	980	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	534.4	539.9	543.3	
Δ W-O-W	1.9	1.5	0.6	
BALTIC TCE DIRTY				
	Route	Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	18,584	↑Firmer
TD3C	ME Gulf / China	270,000	47,357	↑Firmer
TD6	Black Sea / Med	135,000	87,927	↑Firmer
TD8	Kuwait / Sing.	80,000	50,208	↑Firmer
TD9	Caribs / US Gulf	70,000	79,081	↑Firmer
TD14	Asia / Australia	70,000	48,332	↑Firmer
TD20	WAF / Cont	130,000	62,528	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	52,561	↑Firmer
TC2	Cont / USAC	37,000	23,573	↓Softer
TC5	ME Gulf / Japan	55,000	41,423	↑Firmer
TC6	Algeria / EU Med	30,000	38,929	↓Softer
TC7	Sing. / ECA	30,000	36,985	↑Firmer
TC8	ME Gulf / UKC	65,000	43,269	↑Firmer
TC23	ARA / UKC	30,000	25,860	↑Firmer