



Crude Tanker Comments

VLCCs in the AG had a calmer start to the week, especially compared to last week's hype, so, as remaining third decade stems were addressed, owners' resolve was tested. Initial fixing close to WS 90 was not repeatable and owners resisted lower levels whilst waiting for further April stems to hit the market. It looks as though such mettle has paid off – MAA/Vietnam covered at WS 94 yesterday, and now Far East is reported at WS 95, with short East at WS 100, so we are expecting vanilla TD3C moves WS 96+ now. With Saudi and UAE stems released, April dates are arriving, albeit mostly “off-market”, and those owners in position may choose to sit back today/Monday or at least be trying to push things further. In the Atlantic, activity kept ticking throughout the week from all areas (USG / Brazil / WAF) and rates firmed progressively ex-USG to see the latest TD22 print close to USD 11.5 Mn, with reports today that USD 12+ Mn may be on subs. Also, Europebound runs remain firm, with a USG/UKCM covered at USD 5.4 Mn in what would be a USD 150K jump from previous done. Numerous questions from the USG remain outstanding as we go into the weekend, keeping sentiment firm and owners' hopes high.

On the Suezmaxes, both the USG and the AG kept firming, with positive spillovers on sentiment in WAF as well. Fuel oil inquiry held AG tonnage from swelling too much and firm the forward window, especially as, from 10 April onwards, there could be a heavy influx of Singapore ballasters. This enquiry kept bolstering local AG levels and delaying ships from ballasting to WAF. As a result, WAF kept going from strength to strength, starting the week at WS 113, and ending at WS 135-137.5 by COB Thursday. And, looking ahead, TD20 has plenty of upside potential as April Suezmax volumes are expected to rise amid Eastern buyers prioritising Americas grades, which in turn should boost the WAF market.

This week started with a blast for Afras in the Med - over 13 cargoes got worked on Monday, which tucked away most natural X-Med players and pushed rates through the roof. As a result, the list tightened up quite significantly, but the market kept nudging upwards on the back of shaky itineraries, punchier owners on the list, and plenty of Libya enquiry, leaving charterers struggling to cover early cargoes. However, with the front-end of the list focusing on premium business, all new enquiry started to face difficulty attracting offers. And, with X-Med natural candidates remaining very limited even up to end-month dates, morale remains very strong among owners. Meanwhile, fairly slow days continue in the North, with rates fluctuating around last done. The remainder of the list is on the shorter side with ballasters out still prominent (over four ships going TA and one going to the Med this week). However, with the neighbouring Med and TA markets spiralling upwards, caution is required for Nsea forward dates.

Product Tanker Comments

Both the LR2s and LR1s started the week with promise from a tighter finish to last week, but freight has not developed in the way that owners had in mind. TC1 slipped a little, with WS 180 being secured on subs yesterday, representing a 10–15 WS points drop on the week. Westbound routes have also suffered a little from the USD 4.8 Mn and above ideas that were agreed last week, to USD 4.65 Mn on subs at the time of writing. Owners will look to see if they can kick-start this segment again next week, given the sheer amount of ballasting tonnage into the region, things might get worse before they get better. While the list is slim enough to suggest that massive downward capitulations would not happen, a little, gentle softening is what we will be seeing come Monday.

It's a fairly similar story on the LR1s. While there has been enough off-market contractual business to keep some owners active, overall open market trading has been at a lower ebb over the last five days. Westbound routes started the week at USD 3.84 Mn agreed for a Kuwait load, but today USD 3.6 Mn was agreed for a WCI load. TC5 has not been seen on the open market, but can be assessed in the region of WS 185-195.

The North Asia MR market has finally made some headway this week. Enquiry has increased tremendously, although most of the stems have been covered quietly under the radar. Rates have rebounded, albeit in small increments, culminating in Korea/Australia going on subjects at WS 195 (up from WS 189). The tonnage list is tight and, if there are more volumes next week, rates should continue to tick up. The Southeast Asia market recovery is lagging behind that of the North however. Here, too, ships are disappearing, and the fundamentals look better from an owner's perspective. Overall, there is potential for rates to firm here next week.

Meanwhile, it was another positive week for the MRs in Europe, with a strong Med market and tight tonnage list in NWE helping rates move up once more. Some difficult jet and naphtha liftings proved to be the catalyst to lift TC2 to around WS 270 levels. In terms of TCE, this translates to about USD 43K a day for an Eco, non-scrubber fitted ship. If we are to translate this into 2022 flat rates, we are a mere 55 WS points away from last year's peak in terms of TCE. However, with the US market underperforming, we can expect some ballasters heading to Europe in the near-future.

The UKC Handies have also climbed this week with limited availability on the front-end of the list. Rates are currently around WS 260 levels for X-Cont voyages at time of writing. Med Handies came quickly out of the blocks on Monday morning, firming to WS 330-340 levels for TC6, which is where they have stayed for the balance of the week, bolstered by a tight lift and decent activity levels. However, the market does feel like it has reached a ceiling for now, with a quieter close to the week.

		BDTI	BCTI	
		1579	1070	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		536.0	540.4	543.5
Δ W-O-W		0.7	0.0	-0.1
BALTIC TCE DIRTY				
Route		Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	54,500	↑Firmer
TD3C	ME Gulf / China	270,000	93,850	↑Firmer
TD6	Black Sea / Med	135,000	94,492	↑Firmer
TD8	Kuwait / Sing.	80,000	59,930	↑Firmer
TD9	Caribs / US Gulf	70,000	129,762	↑Firmer
TD14	Asia / Australia	70,000	55,885	↑Firmer
TD20	WAF / Cont	130,000	63,320	↑Firmer
BALTIC TCE CLEAN				
Route		Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	48,298	↓Softer
TC2	Cont / USAC	37,000	41,724	↓Softer
TC5	ME Gulf / Japan	55,000	37,289	↓Softer
TC6	Algeria / EU Med	30,000	64,757	↑Firmer
TC7	Sing. / ECA	30,000	17,059	↓Softer
TC8	ME Gulf / UKC	65,000	41,847	↑Firmer
TC23	ARA / UKC	30,000	32,248	↑Firmer