



Crude Tanker Comments

VLCCs in the AG have had a quiet week with very little fresh enquiry. WS 88.5 was posted on a cargo that had carried over from the previous week and, with such inactivity, some owners resorted to reporting old fixtures from last week in the hope of cajoling the market into action, but to little avail. In fact, overall activity has remained rather scarce, with the Baltic printing increasingly lower TD3C rates day-on-day – WS 80.05 at the time of writing. And while there are still one or two outstanding cargoes, it is fair to assume that things might get worse before they get better in the very short-term.

In the West, there has been a similarly muted tone, although plenty of ships have been tucked away under the radar. WAF has seen a couple 2nd decade stems go on subs this week, however, with three vessels failing, rates have struggled to avoid further softening. In the Americas, the slow drip feed of cargoes helped to keep rates' softening to less dramatic levels compared to the AG. Still, eastbound activity remained very subdued with a ship failing overnight, and only one firm cargo outstanding.

It was a sluggish start to the week for Suezmaxes in WAF. Confidence has been undermined by a variety of relet positions on the WAF list alongside several local openers, and slow activity started to put some pressure on rates. However, from the second half of the week, the rout seemed to have stopped, as there weren't any FOC natural ships and non-compromised WAF candidates (excluding two trader relets which were non-responsive and suspected being held back for internal purposes). However, against this, there is almost zero open market inquiry. Looking forward, charterers should be seeking out the weak links of the chain and those who didn't pay attention whilst the market appeared to lull. The disappearance of compromised tonnage ex-WAF infers this as well.

In the Med/Blsea, the underlying Afra market suffered severe downward corrections on some runs, subsequently negatively affecting their bigger sisters. However, this could turn West Med Suezmax attention back to WAF next week. As a result, itineraries will become of paramount importance as we enter the weekend. If the French strikes persist, we can expect a reaction given that about 30 per cent of all non-compromised tonnage up to 20 April laycans in Nigeria are ex-France. A quiet Americas market depleted sentiment, and charterers have started to achieve discounts in the AG, where a longer list is leaving them almost spoiled for choice.

On the Afras, X-Med rates corrected down dramatically this week. While uncertainty at French ports continues to provide a degree of support, KBT Ceyhan exports remain on hold - all eyes on the ongoing discussions between SOMO, the Turkish Authorities and KRG. Firm enquiry remains limited for the time being and standouts remain on the list for X-Med, TA and East - and that doesn't factor in any vessels opening in French ports - the outlook remains bearish for now.

Meanwhile, in the North, slow days continue. French strike-related delays and diversions left the market short on tonnage. Still, a couple replacement cargoes have finally broken the WS 180 ceiling. The main players in the market have tonnage coming back into play as the fixing window moves on, but the market is still a few cargoes short of really coming to life.

Product Tanker Comments

This has been one of the tougher weeks to call in terms of freight direction in the LR2 market. Quite remarkable was the difference in approach to how keen owners are to head West. Those with Russian loading intentions afterwards are fixing around USD 4.1-4.2 Mn for AG or WCI to the UKC. Other owners with no such intentions seemed to have USD 4.5-4.6 Mn levels in mind.

The issue is that there has not been a large amount of liquidity traded aside from the Russian keen boat deals being exposed, so the strength of conviction for the more expensive owners is not on as much firm grounding as they might like. Yanbu/West has also slipped with a very quiet West loading market down to USD 3.1 Mn on subs, which represents a USD 250K slip on last done. Owners have been really keen to see more naphtha loadings this week, which has been very quiet and only fixed sparingly here and there on quiet deals, but our hunch is that this more popular route could be freighted a little less as and when tested again. Steady to flat feel at the end of the week.

The LR1 market in the AG has experienced a more restorative time of it recently after last week's dip in fortunes. TC5 has rallied with WS 200 and WS 207.5 on subs over the last couple of days. Westbound has been quieter but a restricted vessel agreeing USD 3.6 Mn for UKC discharge, and only Med options in addition out of WCI, indicates a USD 100K move up on last done. It has been quieter over the last couple of days, but the list remains tight so the mood holds well for owners as we go into next week.

It has been a really positive week for MR owners up in North Asia, where rates were seen rapidly ramping up. North China/Singapore has climbed up almost twofold to USD 1.1 Mn, with earnings of over USD 50K per day on a vessel based up North. More is on the cards as the tonnage list remains thin and owners are still incredibly bullish on the market to aggressively push rates up, so we will probably see TC11 continue to test upwards if there is a consistent flow of cargoes quoted next week.

Activity for MRs in Singapore has come to a standstill towards the end of the week after a bit of frenzied start. Nevertheless, rates have climbed by almost 25 WS points up to WS 245 for TC7. There is more testing needed to see where the market is heading towards, but overall, some degree of softening is expected due to the list replenishing with prompt tonnage available.

This was a slower paced week for the MRs in NW Europe. The strength of the Med market has helped support rates, and some sporadic activity kept rates trading around WS 280 levels for TC2. There is a notable number of ballasters committed to head to Europe, and rates could be tested in the short-term. The US market looked more positive at the close of play last night, and this could dissuade further owners adding a ballast leg to Europe.

		BDTI	BCTI	
		1428	1248	
Δ W-O-W		↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	531.0	534.3	537.4	
Δ W-O-W	-2.1	-2.8	-3.0	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	41,305	↓Softer
TD3C	ME Gulf / China	270,000	67,703	↑Firmer
TD6	Black Sea / Med	135,000	86,733	↑Firmer
TD8	Kuwait / Sing.	80,000	66,450	↑Firmer
TD9	Caribs / US Gulf	70,000	72,120	↑Firmer
TD14	Asia / Australia	70,000	53,491	↑Firmer
TD20	WAF / Cont	130,000	63,620	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	46,819	↑Firmer
TC2	Cont / USAC	37,000	45,820	↑Firmer
TC5	ME Gulf / Japan	55,000	40,685	↓Softer
TC6	Algeria / EU Med	30,000	100,997	↑Firmer
TC7	Sing. / ECA	30,000	31,205	↓Softer
TC8	ME Gulf / UKC	65,000	41,623	↑Firmer
TC23	ARA / UKC	30,000	49,021	↑Firmer