AFFINITY TANKER WEEKLY

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Crude Tanker Comments

A few ups and downs this week for owners, and to cut to the point there has been very little progress, but progress nonetheless. Despite a steady clear out of vessels from the list, what was a short week has felt pretty long after the flow of inquiry slowed across the board. By the close of play this week, off natural dates it would be fair to say TD3C has levelled out around WS 70-71 (in disagreement with BITR). A few more competitive numbers have been thrown around the market, but from deals wrapped up earlier in the week or over the Easter weekend. Charterers are still sniffing under the radar to make sure volume isn't too heavy come Monday/Tuesday, but for the most part, neither counterparty seems to be in too much of a rush. Fundamentals don't indicate any rapid change in sentiment from where it currently stands. Fluctuating a point or three (run/dates/charterer depending) seems to be the norm for right now, and unless any injection of cargoes into the market, or on the other hand a few dry days, it looks things will remain flat for now. Only concern for owners will be the tonnage coming up on the cont… it has the ability to dampen owners' attempts to get momentum back in their favour. On the other hand MEG stem releases will come into play by the time Orthodox Easter is up. That, combined with an uptick in Atlantic activity could be enough to tighten up the tonnage list. For now, it's anyone's best guess how the cards will be dealt after this weekend.

Bearish sentiment has started to permeate into the Suezmax market. The complexion of the Med list and cross-over potential across the Atlantic offered those markets some form of floor, but WAF itself remains overloaded with tonnage, withseveral committed FOC ships stubbornly remaining in the fixing window. Rates have been dropping in chunks, going from WS 122 before Easter, to WS 106 at the time of writing. And, while there have been a few off-market deals going on earlier in the week in WAF, rates seemed to remain pretty insensitive to this. Looking at the glass half full, TCEs remain around the USD 40K/day mark, which while being far from ideal, still leaves plenty of buffer before we reach the much dreaded breakeven levels. Meanwhile, East of Suez stocks remain fairly long, and it could take some substantial demand levels to work through it. The USG is slightly tighter as lightering enquiry, delayed itineraries and TA runs this week eroded it despite the rates drop.

On the Aframaxes, it was a fairly mediocre start to the week, with rates settling lower amid quiet activity at the end of last week. Still, the rout kept going on, with rates testing down dramatically in he second half, while cargo enquiry remained active. The list has simply presented too many options for charterers, as owners had no option to ballast elsewhere. As the week is coming to an end, the outlook remains uninspiring - we expect a slow end to the week with the Greek Easter holiday. X-Med levels remain under pressure and the lists still presents logical options for most voyages.

It has been a fairly slow week for Afras in the North Sea. Rates have been circulating around last done, while the tonnage list kept growing slowly. As the US market kept dropping significantly and Med sentiment eased, there were far less opportunities to ballast out for NSea owners, and as the week is coming to an end, the inevitable seems to have started to happen. Longer haul rates have taken a beating off the back of the slow enquiry, and with the growing tonnage list it seems the market is due to test down locally too.

Product Tanker Comments

Rates have slipped on the LR2s this week as demand over the slightly shorter working window has contributed to much more intermittent cargo demand. Westbound levels have been well tested with USD 3.9 Mn on subs for AG/UKC which represents a drop of USD 450K on the last agreed deal, which is a considerable discount. Naphtha has slipped too but traded volumes have not been significant, so freight only was tested down to WS 160 for TC1, which represents a 10-15 WS points drop on the week. Another example of where markets are tricky to call is that yesterday we saw USD 4.2 Mn agreed for AG/WAF; seeing a USD 300K premium over the last agreed UKC rate is unusual as we often see these levels either in parity or more closely aligned. So while rate ideas and agreements are a little muddled we still see tonnage outstanding so we would remain lukewarm/flat on this market through to Monday.

The LR1s have also slumped, and this weaker sentiment germinated in a complete lack of long haul trade for the most part of the beginning of the week. The market has started to gradually come back to life since the, but the tonnage previously built up didn't help freight - quite the opposite! Last night there was USD 3.5 Mn agreed on subs for Sikka/UKC on admittedly a +15 years-old ship. Naphtha business, like for the LR2s, has not been all that prolific this week, but has held around the WS 200-205 levels for TC5. Steady to possibly a little weaker would be the word here until the next week.

After a frenzied start to the week, activity for MRs in North Asia has come to a standstill. Nevertheless, freight rates have continued to tick up for TC11, with USD 1.15 Mn going on subject a couple of times. Some owners are starting to think that the market has peaked, and it feels like charterers are holding back stems rather than trying to fix forward. With that, it seems to be a flat freight outlook as we go into the next week. Volumes have once again been on the low side for MRs in the Singapore market. And there has been a certain level of under the radar activity with several ships going on subjects without details. Given the potential earning rise in the firming AG market, owners might start looking to ballast over, should demand remain lacklustre also in the next week.

The UKC MRs rebounded this week, which was surprising for most. An influx of med naphtha stems followed by further cargoes in the north drove TC2 back up to WS 272.5 . Pockets of enquiry to WAF commanded the usual premium at plus WS 10 on top of TA. There are still some gaps to cover on the tonnage list, but the sentiment remains positive for now. The US market has been underperforming this week, but it can of course turn quickly, as we have already seen a few times this year. Meanwhile, some owners seem to have made the decision to turn around and head to Europe.

Med Handies have had a positive second half of the week. Since rates have taken a massive tumble down to WS 215-220 levels over the past couple of weeks, cargo enquiry has gotten ahead of stead again and rates are starting to revive with natural dated TC6 cargoes last done at WS 240, but off prompt dates for tricker prompt Italian cabotage cargoes we have seen as much as WS 275 paid. As we know, this market is very much sentiment driven, and considering that the list is tighter, it's possible that we will see further firming going into the next week.

	BDTI	BCTI
	1242	958
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	571.7	578.0	582.5
Δ W-O-W	40.6	43.7	45.1

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	26,715	↓Softer
TD3C	ME Gulf / China	270,000	55,395	↑Firmer
TD6	Black Sea / Med	135,000	78,479	↑Firmer
TD8	Kuwait / Sing.	80,000	61,783	↑Firmer
TD9	Caribs / US Gulf	70,000	23,189	↓Softer
TD14	Asia / Australia	70,000	50,583	↑Firmer
TD20	WAF / Cont	130,000	40,931	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	36,597	↓Softer
TC2	Cont / USAC	37,000	37,211	↓Softer
TC5	ME Gulf / Japan	55,000	36,482	↓Softer
TC6	Algeria / EU Med	30,000	40,523	↓Softer
TC7	Sing. / ECA	30,000	33,673	↓Softer
TC8	ME Gulf / UKC	65,000	36,574	↓Softer
TC23	ARA / UKC	30,000	24,425	↓Softer