



## Crude Tanker Comments

This week saw VLCC activity and sentiment somewhat divided between East and West, until Thursday at least, when weakening finally prevailed across all regions. The Atlantic struggles for the duration, with too many options for charterers across all date ranges, either on vessels rounding the Cape, or those being regurgitated in Europe (France notably released a number of positions after strikes).

Rates were tested each and every time fresh cargoes were quoted. The MEG was activity all week as first decade May got worked through and it felt stable in the low WS 70s, until on Thursday perhaps the market quote environment and sheer number of offers (including older/compromised) on certain cargoes took their toll.

A chunky drop was achieved with others there to repeat similar afterwards and, considering who remains in position for natural dates, we expect to see more cargoes covered in the mid WS 60s now. Some owners state that they are willing to sit it out and feel the market can improve again next week once “cheaper” players are removed, but if charterers work diligently, they should be able to keep the mood on the softer side.

Sentiment in the Suezmax market softened this week, among a general crude tanker market malaise. Volumes out of WAFR have been limited so far this month and a huge disparity in laycans has appeared, with Indian/Indonesian charterers fixing far forward while the rest are yet to reach past the early days of May.

However, TD20 did manage to bounce back a bit Thursday, clawing back a couple of points from the fall earlier in the week up to around WS 97.5 levels. Several USG/TA runs are outstanding and, with WAFR charterers working only two weeks out and a tightening USG list, there is room for further increases.

In the Med, however, TD6 has lost around 15 points, slumping to WS 140, its lowest level so far this year, with the market not being this weak since August last year. The Aframax are seemingly bottoming out in the Med and there has been little enquiry on the Suezmaxes, too. The tonnage list is limited with few FOC vessels available, while vessels may ballast away, but the lack of volumes means that owners do not have the impetus to push rates higher.

As mentioned above, it’s been a tough week for Aframax, particularly in the Med. Rates on TD19 have been testing down consistently throughout the week as the tonnage list has continually outweighed cargo enquiry by some margin. TD19 has fallen below WS 150 levels, settling at around WS 145 – 147.5, its lowest level this year so far, and the weakest it has been since September last year. Earnings on a non-ECO vessel without scrubbers remain healthy at around USD 35,000 per day, but the market appears to have bottomed, with the list now looking far more balanced compared to earlier in the week.

The North Sea market has been similarly affected by severely weaker sentiment. Rates on TD7 have fallen by around 40 points in the space of just one week, down to WS 125 – 130 levels. Activity has ground to an emphatic halt and the tonnage list remains very long. Sentiment remains very soft and the market has bottomed for now, with higher interest for TA ballasting; five vessels this week are making the trip and more are set to follow.

## Product Tanker Comments

It’s been a very busy week for the LR2s in the AG, with as many as 15 cargoes quoted on Tuesday alone. Owners have taken advantage of the increased enquiry and rates on TC1 have climbed a good 20 points on the week, with WS 175 on subs as of Friday morning. Westbound has also picked up, with rates firming to USD 4.55 Mn on subs, a rise of around USD 650,000 on the week.

Although the tail-end of the week has quietened a little due to the Eid celebrations, the list has shortened and owners will be approaching the next round of fixing with a positive mindset.

By contrast, the LR1s have had a quiet week, failing to accumulate the volumes of the LR2s and even the MRs. Nevertheless, owners have managed to push rates higher, making the most of a balanced tonnage list and uncertain positions. Red Sea/Japan is on subs at WS 215, but TC5 has remained flat, holding at around WS 200 levels. Last done westbound was USD 3.5 Mn last week, but we estimate levels to be around the same currently. Owners remain positive, citing the positivity on the LR2s and MRs, while anticipating further volumes to come.

As mentioned, MRs had a very strong start to the week, with plenty of cargoes hitting the market on Monday. As the week progressed, however, activity slowed, but the list remained tight, ensuring rates traded sideways. TC17 is at WS 297.5, but charterers now feel less inclined to cover their stems in a rush and are instead sitting back to wait and see how the market develops. Westbound runs remain few and far between, but is assessed at USD 2.7 Mn, with runs to Latin America assessed around USD 3.6 Mn levels.

Short-hauls are trading at close to parity with the LR1s in the low-to-mid 600s, but this could soften as enquiry eases. Runs into the Red Sea have improved with USD 1.2 Mn on subs for a Gizan delivery. More volumes will probably hit the market next week, with which owners may be able to push for higher after being able to hold their ground during a quiet end to the week.

The MRs in the Cont have slumped throughout the second half of the week, as enquiry evaporated and tonnage lists grew. TC2 tumbled from WS 260 levels at the beginning of the week down to WS 200 – 210 levels as we close out the week. Rates are at their lowest in over a month. There has been minimal activity in WAFR too, but the usual 10-point premium applies still. The usual Russian movements have been going on in the background, but the Handies have remained tight on the front-end with fixing between WS 240-250 and largely date-dependent for X-UKC voyages. The States market has been quiet and this could persuade more owners to ballast move across to Europe.

In the Med, it’s been a rollercoaster of a week for the Handies. Rates initially jumped off the back of a very busy period of enquiries, but a quieter end to the week meant that rates slipped back down towards the WS 260 mark for vanilla X-Med runs. MRs in the Med quietened towards the end of the week and there is a softer feel here. Med/TA is last done at WS 240 for a naphtha cargo, but sentiment is soft and rates are on the way down with WS 220 achievable on the next fixture.

		BDTI	BCTI	
		1146	1014	
Δ W-O-W		↓Softer	↑Firmer	
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		382.3	386.7	390.3
Δ W-O-W		-185.2	-187.4	-186.4
BALTIC TCE DIRTY				
Route		Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	24,967	↓Softer
TD3C	ME Gulf / China	270,000	48,232	↑Firmer
TD6	Black Sea / Med	135,000	65,417	↑Firmer
TD8	Kuwait / Sing.	80,000	60,257	↑Firmer
TD9	Caribs / US Gulf	70,000	23,537	↓Softer
TD14	Asia / Australia	70,000	45,690	↑Firmer
TD20	WAF / Cont	130,000	36,838	↓Softer
BALTIC TCE CLEAN				
Route		Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	47,609	↑Firmer
TC2	Cont / USAC	37,000	27,436	↓Softer
TC5	ME Gulf / Japan	55,000	39,220	↑Firmer
TC6	Algeria / EU Med	30,000	43,671	↑Firmer
TC7	Sing. / ECA	30,000	35,879	↓Softer
TC8	ME Gulf / UKC	65,000	37,190	↓Softer
TC23	ARA / UKC	30,000	29,907	↑Firmer



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