



Crude Tanker Comments

The odds have stacked against VLCC owners this week, with adverse fundamentals compounding each other, dragging rates down progressively in the process. Little to no fresh volumes (to the best of our knowledge) have plagued the AG throughout the week. Meanwhile tonnage has been piling up on the list, complicating any future recovery effort. Meanwhile, charterers have been taking ships quietly off the market, further complicating owners' efforts to turn the tide around. As the week has come to an end, TD3C has settled at WS 45, and while TCEs have plummeted to USD 23K/day, for many this number remains a mirage as there is no activity to speak of as we enter the weekend. Decent chunks have been taken off WAF runs as well, with TD15 dumping 5 WS points on Thursday to WS 45, reaching parity with TD3C once again. Seismic corrections in the USG meanwhile, as bears are on the loose, and TD22 is touching yearly lows – currently it is assessed at USD 6.7 Mn by the Baltic Exchange. And the few stems that are still in the works are getting tested with each passing day with no relief in sight.

Despite weak fundamental sentiment and limited activity in the first half of the week, Suezmaxes in the Americas firmed up significantly on Wednesday. With low Chinese demand due to poor refining margins, TA runs are becoming popular, especially with the incorporation of WTI into the Dated Brent basket from June onwards. This is expected to benefit significantly the Suezmax market across the Atlantic and in WAF.

And talking about WAF, the tonnage list has shortened significantly, and may be sensitive to UKCM itineraries. Still, many have reservations about making serious progress though. In fact, VLCCs are the main issue, dumping to WS 45 in WAF already, potentially dropping to mid USD 3 Mn for USG/TA runs and the picture on paper is fairly bleak for the summer.

Aframaxes and VLCCs put a floor and a ceiling, respectively, over AG Suezmax runs. Things seem to have changed in the second half of the week, with the market bottoming out - off prompter windows non-compromised 20T lifters aren't in massive oversupply, especially as many are focussing on premium Russian business.

It was a positive start of the week for Afras in the Med, as more than six cargoes were covered on Tuesday. And come mid-week, rates have repeated WS 162.5 for X-Med, leaving the list short on the front end. However, since then Med rates have been stabilizing while realization kicks in that Ceyhan and Libya have been well covered up until the third decade. Owners for now seem happy to cover at last done while another long weekend approaches

Things in the North Sea seem to be slow this week as very little action was reported. Rates for now repeat WS 127.5 - the list has slimmed out and with the added attraction of the US - 3 ships ballasting there so far this week - it's worth being slightly cautious on forward dates - although for now seems fairly well covered.

Product Tanker Comments

This hasn't been a week that many LR2 owners will want to remember. There has been only a trickle of demand and the ships have started to pile up as a result. We saw a westbound stem gather as many as 9 offers (of varying qualities) but the writing was on the wall. First counter was taken and around USD 700K – 750K was taken off the previous agreed levels, with USD 3.5 Mn on subs as a result. TC1 was then to suffer accordingly with another ship accepting WD 145 on subs, which represents a WS 42.5 drop on the previous deal. Demand at weeks end is poor and with very good tonnage still plentiful, we would expect this bearish mood to only continue into next week.

The LR1 week started slow and good tonnage was above average supply. Freight looked a little wobbly as the week went on, and USD 3.55 Mn was secured on subs for WCI/UKC around midweek. After this however, there was a decent flurry of cargo demand that was flushed out and owners found some new resolution. Ideas for Westbound got stronger which was also attributed for a +15 year old ship securing WS 200 for TC5, which was better than expected. Cross Gulf and Cross Red Sea demand remained healthy at USD 700-850K, but with the LR2s crashing mid week then charterers have pulled back any long haul LR1 demand to see if cheaper numbers in this sector come through of the back of the turbulent LR2 sector.

It was a good week for MRs in North Asia, with influx of stems and some market movement. We are now looking at a much tighter tonnage list, with most ships on subjects for its current fixing window, which bodes well for developments going forward. And with reports of Korea/Singapore failing subjects at USD 925K to get replaced by another vessel, owners remain positive with new higher freight rates being shown breaking the last done figures. Knowing that the ball is in their court, prompt owners continue to hold their stand and are excited by the prospect of seeking higher numbers. There are multiple outstanding stems that haven't gotten any cover yet, which will be seen being carried forward to next week. Thus, overall the outlook for the North Asia MR market remains green.

It has been a good run this week in Singapore, with a consistent level of cargoes quoted in the market. There were multiple TC7 stems being traded at WS 235 which caught the eyes of owners in the gloomy AG market to ballast their ships over from as far as East Africa. However, the tonnage list is still looking tight across the board and owners are optimistic that rates will continue to creep up next week.

A short week gave the NWE MRs a glimmer of hope as a number of cargoes were quoted in quick succession helping rates shift up momentarily. However, as enquiry started to dwindle and positions were replenished TC2 has finished the week around WS 152.5. The US market is looking slightly more promising, but more volume is required if there is to be any sign of a recovery.

NWE Handies have traded flat this week as rates tick over around WS 155 for Cross-Cont runs and ARA/Med is at WS 145-150. This was the calmest week also for Med Handies. Since bottoming at the end of last week, rates have steadied at WS 150 for TC6, with this being repeated multiple times in the last few days. Despite bank holidays lengthening each side of the weekend, owner sentiment is positive for next week, and if activity is sustained it wouldn't be surprising to see WS 150 be beaten early on. Approximately 6 stems remain to be covered, and tonnage continues to tighten...

		BDTI	BCTI	
		1072	694	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	565.2	572.1	576.8	
Δ W-O-W	-4.8	-5.0	-5.5	
BALTIC TCE DIRTY				
	Route	Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	8,924	↓Softer
TD3C	ME Gulf / China	270,000	23,764	↑Firmer
TD6	Black Sea / Med	135,000	52,051	↑Firmer
TD8	Kuwait / Sing.	80,000	46,898	↑Firmer
TD9	Caribs / US Gulf	70,000	46,791	↑Firmer
TD14	Asia / Australia	70,000	38,745	↑Firmer
TD20	WAF / Cont	130,000	35,909	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	34,401	↓Softer
TC2	Cont / USAC	37,000	16,499	↓Softer
TC5	ME Gulf / Japan	55,000	35,600	↓Softer
TC6	Algeria / EU Med	30,000	14,793	↓Softer
TC7	Sing. / ECA	30,000	31,566	↓Softer
TC8	ME Gulf / UKC	65,000	37,172	↓Softer
TC23	ARA / UKC	30,000	9,392	↓Softer