AFFINITY TANKER WEEKLY

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Crude Tanker Comments

This week there was plenty of consistent volume across the board for VLCCs. All this has significantly tightened tonnage lists, especially off natural dates. Overall, fundamentals just look good for owners. WS 55 is rumoured in WAF so, if true, this is evidence of owners holding firm. Plenty when questioned are keen to sit and wait until Monday, so further volume would be welcomed in order for owners to capitalise.

On the Suezmaxes, the USG burst into life on Tuesday, driving an unexpected turnaround in the Atlantic. However, the fire was short-lived, as most of the enquiry was quickly sponged up. Also, a still-lengthy FOC list in WAF showed the minimal immediate impact of USG activity on WAF beyond sentiment. In fact, after WS 80 was done for USG-TA, on Wednesday, we saw WS 85 getting done for the same, which meant that, in theory, TD20 should be around WS 95. However, fundamentals aligned so that WS 80 actually was the repeatable market. As such, TD20 kept hovering in WS 92.5-95 territory.

In the AG, the list remained well stocked throughout the week, and the situation in the Atlantic didn't have any material impact on eastern ballasters, which remained in the AG, overloading the list. Afras were offering WS 115 equivalent on AG cargoes, with Suezmaxes reluctant to run interference. With the fundamentals generally unsupportive, there were plenty of owners willing to fix around last done levels – WS 60 for Basrah/West.

Aframaxes in the Med started the week the same way the last one ended - in freefall. Over 30 WS points were lost in the first half of the week and, while the list remained plentiful, around mid-week it seems that we have finally reached a bottom, with WS 145 repeated over three times ex-Ceyhan, and overall, last done levels getting repeated in the subsequent days. As the week is coming to an end, the list of natural X-Med ships isn't exactly long, however, dates are well covered (Libya 23-25 June next, and Ceyhan 26 June onwards), meaning that there is some breathing room for charterers. Slow days continue in the North. Limited enquiry throughout the week left rates flat, hovering around last done. The list is now fairly slim, but some of the usual players are pushing natural North Sea ships. Meanwhile, ballasters keep exiting for the Med (three), or the US (six).

Product Tanker Comments

It was a really poor week in the LR2 sector as fresh demand still has not developed, making it more than two weeks with minimal cargo flow. Rates have slumped a lot in what little cargo volume we have seen and therefore TC1 is now at WS 115 (down from WS 145 last week) and Westbound is at USD 3.1 Mn for Jubail/UKC, which is quite a slump down from USD 3.6-3.8 Mn last week. Ships are still around so, while we might not slump at such a dramatic rate that we have done this week, we could well see a little more steam come out of this sector before we are at the floor if demand stays this piecemeal.

There has been a lot more quiet fixing done on the LR1s this week, which is a positive when we recall how quiet last week was. This means that the list on Monday should look thinner than what we have seen recently. However, rates won't have been affected much as we are seeing either compromised tonnage or smaller local runs being the busiest trade routes, which don't have much of an effect on the overall freight perspective in what has, in general, been a poor week.

MRs in the Far East have been fairly active with a good amount of cargo entering the market over the course of the week, despite freight rates seen softening slightly. As the list gets thinner and tighter on the front-end, owners are positive that freight rates are finally bottoming out and it's about time to see the light at the end of the tunnel. The optimism surrounding the market has suggested that there is potential for rates to hold steady moving into next week.

All round, it's been a relatively lacklustre week for the MRs in the Singapore market, having seen slow levels of cargo enquiry and minimal fixing activity throughout. Freight rates continue to get tested as the excess tonnage continues to outweigh cargo volumes.

It was a slightly disappointing week for the MRs in the UKC, as a lack of cargo enquiry started to put pressure on rates. With the US market still very quiet, many owners have chosen to ballast to Europe and, as a result, the additional tonnage forced TC2 to slide down to around WS 170 at time of writing, and it could fall further. The surplus of tonnage willing to call Russia has added more pressure as they are starting to compete with the non-Russian tonnage for vanilla runs to West Africa and TA, especially as some charterers are now willing to accept certain ships that have called in Russia.

	BDTI	BCTI
	1049	608
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	539.3	543.9	547.2
Δ W-O-W	1.6	2.1	1.8

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	9,167	↑Firmer
TD3C	ME Gulf / China	270,000	32,630	↑Firmer
TD6	Black Sea / Med	135,000	42,657	↑Firmer
TD8	Kuwait / Sing.	80,000	41,613	↑Firmer
TD9	Caribs / US Gulf	70,000	41,852	↑Firmer
TD14	Asia / Australia	70,000	36,090	↑Firmer
TD20	WAF / Cont	130,000	32,755	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	21,281	↓Softer
TC2	Cont / USAC	37,000	18,947	↓Softer
TC5	ME Gulf / Japan	55,000	18,180	↓Softer
TC6	Algeria / EU Med	30,000	9,999	↓Softer
TC7	Sing. / ECA	30,000	23,225	↓Softer
TC8	ME Gulf / UKC	65,000	18,567	↓Softer
TC23	ARA / UKC	30,000	3,933	↑Firmer