



Crude Tanker Comments

This week, VLCC cargoes kept coming for end-June dates in the MEG, and some charterers were left stranded with very little FOC quality tonnage to choose from, further exacerbated by monsoon weather delaying turnaround of India positions. This real pinch-point allowed owners to move levels on in chunks from Monday-Wednesday and driven by the MEG, rates ex-WAF, Brazil and the USG followed. The Saudis stated that they'd deliver their full allocations of crude in July for those with term contracts despite the further 1 Mn bpd cuts previously announced and since July stem dates were confirmed today we've seen a few charterers in the market facing owners aiming around mid WS 80s now basis TD3C. We count a potential 17 marketed vessels for the MEG that could be FOC come Monday morning, so the list does look a little friendlier for the first decade of July, but owners will feel they have good options to look West as well, and as long as activity doesn't die completely, availability across all areas will likely be kept in check. USG exports questions got a lot busier for the second half of July, so as usual the question will be how many of these cargoes/vessels will fully fix, but regardless, owners will be the most satisfied after a good week at the helm in all markets.

On the Suezmaxes, inquiry in WAF has been weak on the surface. However, in reality off-market activity remained sanguine – erosion of the list has been consistently forthcoming and availabilities for WAF are tightening day-by-day. Although there are a variety of owners with tonnage in position and non-Nigerian cargoes should be a simpler fix, current fundamentals remain in owners favour for TD20. In the MED/BSEA the status quo persists with limited demand, still, the list remains tight. And while across the Atlantic Afras have remained busy, fixing well about last done Suezmax levels for USG/TA. For now, TD20 pays better but the fleet may get further stretched across the Atlantic basin as charterers weight their options. Meanwhile, the Nigerian tax situation could have a severe impact on the market in the long term - if only 10 per cent of owners lift Nigeria (as things currently stand), other cargoes might have plenty of offers, potentially triggering a domino effect in the market. Elsewhere, the AG is in real need of fresh inquiry to emulate Aframax and VLCC rate spikes. As a result, the outlook remains flat for now, saturated with modern tonnage on the hunt for westbound voyages, whereas eastbound willing vessels are seemingly in short supply.

Slow days continue in the MED for Aframax. The USG provided an alternative for owners with around five ships ballasting out this week. However, with X-MED dates very forward, there was little life in the market, and as a result, rates kept hovering around last done for X-Med. It has been a slow week also in the North Sea, with little enquiry to speak of, and a repopulating list that has been pushing rates increasingly lower.

Product Tanker Comments

Finally there was a bit of a run of demand on the LR2s, with several ships going on subs as traders take advantage of the much more favourable USD/MT that can be afforded to them with the spread with LR1s being so narrow. Rates could stay competitive as there was so much tonnage to work through, with TC1 agreed in the WS 100-105 area on at least 9 occasions and naturally this put a premium on the less fancied westbound trade route, and we saw rates firm off the floor of USD 3 Mn, with USD 3.2 Mn being the last agreed number. With earnings not as lucrative as owners have been used to over recent months, we have also seen the understandable preference towards more local, shorter haul trade activity to kill time close to the loading areas. But with the list looking that bit thinner come Monday we can imagine owners aspirations starting to gently develop further as we approach second half June.

It was a very unusual start of the week for LR1s, with up to 8 fresh cargoes all within the first couple of hours of Monday morning; the list that was already looking lean only lead to some renewed optimism. TC5 lifted up to WS 145 for a prompter cargo. Westbound voyages have been slimmer and mainly been centred on those older ships that would like to get back to Russia; as a result rates have stayed around the USD 2.4-2.5 Mn marker while a lot of the more modern ships would have been asking for more like USD 2.7-2.8 Mn. With so many ships tied up on local UMS trade into Iraq and Karachi the itineraries (as well as the weather) should present us with a slim or balanced supply list come Monday so while the spread with the LR2s is a little too close for huge ambitions, we still should see owners in pretty perky spirits.

In the Southeast Asia MR market, we saw a steady flow of cargoes quoted and plenty of under radar activity. Several ships have been plucked off the list, but this wasn't enough for owners to exert any pressure onto charterers. Multiple TC7 runs have been covered around last done – WS 192.5 levels. And the overall market feels steady as we go into the weekend.

The Atlantic MR market has plunged into the doldrums. In Europe, TC2 plunged to WS 125 levels at the time of writing, amid a mix of lower enquiry and charterers now willing to fix ships with Russian backgrounds, which has substantially expanded the pool of available tonnage. Without the support of a steady European market to drag ballasters away from what has been a hesitant USG region, the writing was on the wall, also there, with owners jumping for coverage where they could. Still, owners managed to recoup some of their losses towards the end of the week, pushing TC14 up to WS 100-110 on subs, from WS 82.5-85. Med Handies continue to remain uninspiring for owners after another week of moderate activity. One area of promise is the tightening of tonnage at the prompt end, however without a period of sustained activity it's hard to imagine rates moving in their favour.

		BDTI	BCTI	
		1148	584	
Δ W-O-W		↑Firmer	↓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	27,558	↑Firmer
TD3C	ME Gulf / China	270,000	73,485	↑Firmer
TD6	Black Sea / Med	135,000	44,531	↑Firmer
TD8	Kuwait / Sing.	80,000	45,154	↑Firmer
TD9	Caribs / US Gulf	70,000	57,435	↑Firmer
TD14	Asia / Australia	70,000	34,928	↑Firmer
TD20	WAF / Cont	130,000	48,513	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	18,196	↓Softer
TC2	Cont / USAC	37,000	10,071	↓Softer
TC5	ME Gulf / Japan	55,000	21,815	↓Softer
TC6	Algeria / EU Med	30,000	10,536	↑Firmer
TC7	Sing. / ECA	30,000	20,923	↓Softer
TC8	ME Gulf / UKC	65,000	21,969	↑Firmer
TC23	ARA / UKC	30,000	4,077	↑Firmer