



Crude Tanker Comments

Despite a chunk of VLCCs reported on subs overnight, there is much more needed to do before owners can turn sentiment around. The market seems flat/softer and it's a Friday, meaning that little enquiry on Monday could lead to the longer lists putting pressure on rates, possibly down to something starting with a 4 for TD3C and TD15. On the other side of the coin however, it has been a quiet week and owners haven't succumbed to the fundamentals (or at least how they look at first glance). Charterers on the whole would like to utilise the extra supply on Monday, so we can't imagine too much will happen today. Plus, some owners are sticking to their guns and biting the bullet to see whether volume can recover come next week. Stand-off to ensue we believe, but dates are very important so maybe there are a few there to move for the right cargo off the right dates.

As 4 July fell on a Tuesday, Suezmax enquiry was destined to be muted ex-USG, meaning rates remained stagnant with no chance for owners to pounce upon the desolate list. With TD20 and USG TCEs at near parity, the potential for list supplementation ex-Gibraltar/UKC positions is there, however, it is contingent on TD20 remaining in the mid WS 80s. This is up in the air as FOC availabilities in WAF have eroded, leaving some potential to reverse trajectory should enquiry emerge this week, but with 22 Mn barrels already covered, we're not convinced that charterers will need to act unless they have prompter stems. Overall, demand for WTI remains depressed due to sluggish global demand in both China and Europe as a result of slowing economic growth further exacerbated by the cyclical summer slowdown – the demand that remains is biased towards Asia likely excluding Suezmaxes from US exports.

Meanwhile, in the AG, with a lack of non-compromised ships in the list, some anticipate westbound routes to firm. However, projections threaten to rebuild aggressively next week and eastbound maintains softening sentiment as floor and ceiling from adjacent markets apply downward pressure on a long list of compromised Suezmaxes.

This was a fairly uninspiring week for Aframax owners with charterers testing rates throughout. The week started with a balanced Med list, but a lack of activity gradually eroded sentiment. Only around the mid-week point, cargoes started to quote off more natural dates having waited in the background, but rates kept getting tested by charterers. Overall, X-Med levels have fluctuated considerably depending on the run. Morale is fairly poor amongst owners who seem content to find cover at depreciating levels, especially as dates remain fairly well covered as the week is coming to an end.

It was another uninspiring week also in the North Sea. Rates kept repeating at bottom levels despite the sheer number of ballasters going TA in the last month, combined with the high percentage of uncertain vessels awaiting discharge and preventing a quick replenishment of tonnage. With demand simply not enough, there is only so much owners can do, especially as dates are moving on...

Product Tanker Comments

At the beginning of the week, charterers continued to hold back on their LR2 stems in the AG, which extended the frustrations from last week's very quiet market. However, there was a sudden surge of cargoes – about 20 of them going on subs or getting fixed - in the second half of the week. But all that happened in terms of freight was a continued fall from last week's levels and then a flattening out. Looking at the glass half full, owners will return on Monday with a much slimmer list and increased curiosity as to what more can be developed. TC1 dipped under WS 100 with WS 96.5 on subs and then back to WS 100 being today's level as this is the more recently agreed number. Westbound stayed in the USD 2.75 – 2.9 Mn range. There should be a firmer base for owners to work off on Monday, but it's worth mentioning that demand has gone calm again at the time of writing.

There has been the odd day this week where there has been a smattering of (largely) off-market activity on the LR1s, but it hasn't been enough to improve fortunes as demand overall remained low. TC5 has been virtually untested in the public domain but we did see WS 125 done again and not much more since then. Westbound was the one trade route that some thought would hold up a little better and charterers did have to wait a bit to get the cheaper rates, but patience did bring reward with USD 2.5 Mn on subs for AG/UKC (USD 400K less than last week) and also USD 2.35 Mn on subs for WCI loading. Monday starts with a softer view as a result of this largely disappointing week.

It was a steady week for the MRs in North Asia, with consistent activity that has contributed to some tightness on the front-end of the list. The main concern for owners right now is that, due to the oversupply of boats in Singapore weighing heavily onto the North Asia market, freight rates for stems coming out from South China are becoming more competitive. It was a decent week also for Southeast Asia MRs, with more stems emerging into the market and ships gradually plucked off the list with no further details. TC7 has repeatedly been on subjects at WS 162.5, causing a substantial tightness onto the front-end of tonnage list. Despite that, the market continues to be overpopulated with vessels, meaning that an eventual recovery might take slightly longer.

In the UKC, after a brief rally earlier this week, MRs have started to fall back again, with ships outnumbering cargoes, and TC2 falling down to WS 145, from WS 185 being recorded on Monday. The week comes to an end on a slightly busier note, but rates remain down at WS 140 levels. After a strong start of the week, activity on the Med Handies quietened down, and rates have relaxed slightly with WS 180 now being the last done for TC6. Pressure from the larger sizes seems imminent and the general market feel is softer. However, charterers should not rest on their laurels, as there is a possibility that the market could well be kept afloat by a couple of prompt replacement jobs that could potentially pay up and revive owners' sentiment a bit, and owners are rightfully quick to point this out, coupled with the fact the list is relatively tight in comparison with the last few weeks.

		BDTI	BCTI	
		945	606	
Δ W-O-W		↓Softer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	541.2	545.1	549.5	
Δ W-O-W	-0.1	-0.6	-0.1	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	11,475	↑Firmer
TD3C	ME Gulf / China	270,000	32,933	↑Firmer
TD6	Black Sea / Med	135,000	41,055	↑Firmer
TD8	Kuwait / Sing.	80,000	42,840	↑Firmer
TD9	Caribs / US Gulf	70,000	24,012	↑Firmer
TD14	Asia / Australia	70,000	27,933	↑Firmer
TD20	WAF / Cont	130,000	28,223	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	15,318	↓Softer
TC2	Cont / USAC	37,000	12,878	↓Softer
TC5	ME Gulf / Japan	55,000	16,637	↓Softer
TC6	Algeria / EU Med	30,000	23,847	↑Firmer
TC7	Sing. / ECA	30,000	15,677	↓Softer
TC8	ME Gulf / UKC	65,000	17,377	↓Softer
TC23	ARA / UKC	30,000	2,368	↑Firmer