AFFINITY TANKER WEEKLY

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Crude Tanker Comments

The VLCC market feels very well balanced going into the weekend. Volume has been constant, but it hasn't been enough to shorten the lists, with supply being consistent from both the east and the UKC. It will be telling how long the lists are come Monday afternoon. Owners will be willing for more Americas volume to chip away at the supply. However, if there is no Atlantic supply, then owners will be under some real pressure.

On the Suzmaxes, WTI arbs continue to shift away from the East and point back towards the UKC, bringing with it the prospect of more TA movements, something owners dearly need. Despite a tight USG list for the past week or two spikes have been intermittent and short lived, and owners have been unable to throw their weight behind an Americas market that has continuously stuttered. VLCCs clearly price better in the low USD 3 Mn than taking 2 Suezmaxes for USG/TA, so demand may remain muted, and although Afras still need softening up basis last done levels, their fundamentals (with over half a dozen ballasters en route) point to further downward alignment. For our part, we remain very low on safe Suezmax itineraries, very low on relet availabilities and at virtually zero for FOC locally.

Meanwhile, West Africa's meagre offerings, in the wake of close to 25 Mn barrels covered on VLCC for the 1st decade, have had a detrimental impact on TD20 this week. 30 logical, modern vessels have built up for the first decade in WAF, 10 of these being FOC and 7 total committed to the region, so sensitivity to a possible reversal in USG fortunes should be muted. 11 logical, modern vessels are also due to sail by Monday COB, and there are 8 relets in the fixing window.

Whilst East of Suez activity spiked this week, numerous fixtures being concluded simultaneously and behind closed doors meant owners were unable to move the needle on TD23. Next week expect more of the same with 5 ships due to sail by Monday, supplementing safe options for any forthcoming Basrah stems. Eastbound cargoes requiring modern vessels will find options are limited, but compromised avails remain plentiful as always.

It was another uninspiring week for Med Aframaxes. Enquiry remained limited throughout amid all the forward fixing that has occurred which will allow the list to repopulate; in the meantime charterers continued to fix around or slightly below last done, with very limited offers. As a result, the market remains lacklustre at best with owners remaining apathetic.

In the North Sea, rates have inched up this week with a fairly tricky list throughout. Rates continued to hover around the WS 135 mark on local business. For now, dates have now shifted on, and for early month laycans, the list does open out with relets being pushed. Meanwhile, the usual players remain light on tonnage.

Product Tanker Comments

This was a very painful week for the LR2s. The length of the tonnage list on Monday was daunting to say the least and we have seen freight heavily correct as a result. USD 2.65 Mn went on subs for AG/west and WS 80 was on subs for eastbound as the two low points. But the drop to YTD lows has been stimulus (of sorts) and bought more enquiry to the fore. Also owners' sentiment has been stirred, with some simply refusing to entertain freight at these levels and not offering on cargoes – TCEs of USD 17-18k/day on TC1 does focus the mind. The above figures are the weekly lows, but rates have rallied a bit, and now TC1 is on subs at WS 90 and Westbound is on subs at USD 2.8 Mn. At the time of writing, the front end of the list has thinned out, there are cargoes uncovered and the general outlook is more positive for the next week.

Meanwhile, rates are pretty abysmal for the LR1s – most notably on the short hauls, but this has been an active choice for owners to take short term pain, in hope tomorrow is a better day. USD 275K on subs for X-AG is the worst we have seen since the second half of 2020. TC1 plunged to WS 100 and with most owners preferring to stay East of Suez, this returns circa USD 15K/day in TCE earnings. A complete lack of interest in sending ships west has been a constant throughout, owners have not even been offering, the reason being that there are zero opportunities in the west at the moment, so one would have to ballast back east, and present rates do not support this. On the positive side, there has been a decent level of fixing, with a lot of MR short hauls we believe westbound runs might improve in the coming weeks and it may be more significant than by just USD 50-100k. Overall, there is still work to do, but owners' refusal to entertain current levels may have the desired effect.

It has been a positive week for the Southeast Asia MRs with TC7 firming by 10 WS points up to WS 215. However, activity level has become slower as the weekend approaches, possibly due to most stems being covered quietly under the surface. Still, owners remain optimistic at least for the short term.

This was a positive week also for MRs in the UKC, with a wave of cargoes against a relatively narrow list pushing rates up to WS 155 levels for TC2. A number of uncertain schedules coupled with delays only tightened the availability further. As the weekend looms, only a small handful of cargoes remain uncovered with some stretching as far ahead as August, so we can expect to take a breather for now. West Africa was the driving force this week as Nigerian imports opened up a number of opportunities for delivery, premiums trading at plus 10 WS points over TA runs. The US market continues to perform and there will be minimal ballasters to Europe in the short term.

Med Handy owners had a good week, with TC6 rates firming from WS 165 to around WS 175, which were welcomed after a slow start on Monday. A much busier mid-week allowed tonnage to tighten greatly, which should put owners in good stead next week if we see further volume emerge early on.

	BDTI	BCTI
	940	610
Δ W-O-W	↓Softer	↑Firmer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	532.4	538.0	541.8
Δ W-O-W	-4.2	-4.0	-4.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	6,891	↑Firmer
TD3C	ME Gulf / China	270,000	31,066	↑Firmer
TD6	Black Sea / Med	135,000	29,136	↑Firmer
TD8	Kuwait / Sing.	80,000	37,263	↑Firmer
TD9	Caribs / US Gulf	70,000	40,510	↑Firmer
TD14	Asia / Australia	70,000	25,253	↑Firmer
TD20	WAF / Cont	130,000	27,374	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	12,494	↓Softer
TC2	Cont / USAC	37,000	16,391	↑Firmer
TC5	ME Gulf / Japan	55,000	11,403	↓Softer
TC6	Algeria / EU Med	30,000	20,707	↓Softer
TC7	Sing. / ECA	30,000	25,868	↑Firmer
TC8	ME Gulf / UKC	65,000	16,550	↓Softer
TC23	ARA / UKC	30,000	10,996	↑Firmer