



Crude Tanker Comments

As the week nears its conclusion, one could say it has been far from a thriller for the VLCC sector. Still, it's not the end of the world on either side of the fence if rates remain stable. Owners have done well to draw the line on TD3C around WS 51 and will feel there should be a good chunk more to be fixed in the second decade of August. WAF has also been active under the covers, but with enough solutions for charterers to get in and out with minimal drama.

Charterers trading in the MEG are reportedly showing mid-WS 40s today, but it would come as a surprise if an owner decided to commit to anything other than last done or very close, and lists appear a bit tighter than what we have seen for the last week or two. Some owners will hold hope they can try and kickstart a slight recovery next week, volume-dependent, but considering markets can often be in the doldrums throughout July/August, many owners may be content if rates/earnings hold as they are.

Effects of arbitrage into the UKCM have seen Suezmax cargoes flow nicely into the USG market, with local FOC tonnage being whittled away to near zero. However, with potentially six vessels supplementing by the end of the week and seven modern ships sitting FOC in GIB/CONT positions (ETAs within the current fixing widow), charterers remain in the driving seat. As USG TCEs are at near parity to TD20, combined with WAF volume being non-existent, owners will be more than willing to ballast to the USG to load. Rates might remain in the dumps as owners wish to fix and forget to escape the rotting market, hoping to emerge when the change in seasons brings increased demand.

In the MEG, advertised FOC Suezmaxes are in seemingly short supply; there are only two available within the 15 August fixing window. However, there are now 11 non-advertised, non-compromised ships in our projections within the same window, which could give charterers some breathing room. Eastbound-willing tonnage has thickened following limited enquiry this week; as a result, there is a backlog of tonnage consisting predominantly of compromised vessels.

Aframaxes in the Med had a slow week with very little to speak of in terms of cargoes in the works. As a result, sentiment remained weak throughout, while rates kept testing down with each passing day. First it was the turn of freight ex-CPC to start the rout, while X-Med levels seemed to hold until the mid-week point. After that, X-Med started to shed chunks, with WS 104 being the last assessment at the time of writing. As the week is coming to an end, the tonnage list remains accessible, and charterers continue to aim far below last done – with not much luck for now. Overall, owners' morale is very low, and next week we expect charterers to keep testing.

This was a deadly quiet week for North Sea Afras. In the second half of the week, there was a perfect storm brewing with an Eni market quote following days of silent enquiry, but activity fizzled out thereafter. As we stand, the list of North Sea candidates remains well supplied, and the only question is how low will we go before things take a turn.

Product Tanker Comments

It was a ramping up week on both LR segments. If we start with the LR2s, we note that last week's sentiment shift from many owners just not entertaining bottom of the market levels turned out to be the right call with a tighter list and increased cargo count, clear from the start of this week which has of course then led to significant increases in the market. The last done westbound rate has been agreed at USD 3.4 Mn, a 600k increase w-o-w, but other owners are now looking for more like USD 3.5 Mn moving forward. TC1 is being well tested as we close the week as, while both segments are firming, we note that the LR1s are more competitive on the straight forward pro rata, but the LR2s still hold their value for this run. Last agreed on this run was WS 129.5, which is a strong move up from last week's WS 100.

The list on Monday on the LR1s was only tight and when one considers how many ships are tied up on the local trade, which involves a few very uncertain discharge ports, when the cargoes came along there was very little supply to help alleviate the problem for charterers. This has only led to major corrections on the numbers, with a 45 WS points improvement on TC5, with WS 150 on subs twice and a staggering USD 475k improvement on the westbound trade with USD 2.9 Mn being agreed today for WCI/UKC. We expect a similar market on Monday with a tight list and a few stems still to cover.

Owners' wishes came true following a busy week in the North Asia MR market as freight rates continue to climb higher. The consistent number of fresh cargoes quoted has thinned the tonnage list and charterers have no other option but to pay up. Adding to this, boats are getting diverted away from their route by Typhoon Doksuri, which is now heading towards South-Eastern China. Much to owners' delight, next week there should be an increase in replacement jobs triggered by vessels having difficulties to meet laycan dates.

A narrow list supported eastern Atlantic freight rates this week, with TC2 finally settling around WS 170. As the week is coming to an end, the majority of enquiry seems to have been covered and the list should start to lengthen from this weekend. The USG market is still positive, so there should be limited ballasters to Europe, adding support to current levels.

It has been a disappointing week for Med Handy owners, especially when momentum had built up last Friday and sentiment on Monday morning was strong. After such a quiet start to the week however, rates were unable to hold on, and X-Med fell from WS 175 to WS 160, though with TC6 not being tested today, next done may well be lower. With a short list of stems to cover, owners will be hoping for an active Monday in order to turn things around. One positive they can take is a shortening of tonnage, with vessels being lost to private stems (Black Sea and Med), and those fixed non-privately not seeming to be replaced by fresh units over the last two days. It is also worth noting that MRs in surrounding markets are in good positions to firm, which may eventually affect Handies positively in the next week.

		BDTI	BCTI	
		881	671	
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	4,490	↓Softer
TD3C	ME Gulf / China	270,000	27,891	↑Firmer
TD6	Black Sea / Med	135,000	24,845	↑Firmer
TD8	Kuwait / Sing.	80,000	36,090	↑Firmer
TD9	Caribs / US Gulf	70,000	22,477	↑Firmer
TD14	Asia / Australia	70,000	25,046	↑Firmer
TD20	WAF / Cont	130,000	18,315	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	26,757	↑Firmer
TC2	Cont / USAC	37,000	18,166	↑Firmer
TC5	ME Gulf / Japan	55,000	20,940	↑Firmer
TC6	Algeria / EU Med	30,000	16,016	↓Softer
TC7	Sing. / ECA	30,000	24,397	↑Firmer
TC8	ME Gulf / UKC	65,000	22,011	↑Firmer
TC23	ARA / UKC	30,000	10,102	↑Firmer