



## Crude Tanker Comments

We close the week without any seismic shifts in levels in the VLCC market, having seen steady activity across the board but not enough to tip the scales. The USG started the week in blistering fashion, with many owners happy to repeat last done levels on TD22, but came off the boil to coincide with a mid-week uptick in activity ex-AG, resulting in a negligible decrease in rates and a flat feeling overall. By Tuesday it felt as though it was beginning to firm up with the BDTI printing marginal increases and a lot of owners holding off, particularly in the AG where they felt there were gains to be made. However, two market quotes on Wednesday attracted over nine offers and flipped the trajectory. Looking at cargo counts, the third decade looks very light in the AG, suggesting there should be more to come from charterers. It is a similar story in WAF, with mid-September volume still low. All in all, no dramatic changes and we go into next week similar to how we finished the last one. On a macro level, this week the EIA announced it expected US crude production to hit 12.8 Mn bpd in 2023 and 13.1 Mn bpd in 2024, increasing from sub-12 Mn bpd in 2022, while demand should be driven by China and the OECD. This may provide rays of light for owners and has been a real driver of crude markets in the last 18 months.

On the Suezmaxes, lengthy WAF availabilities remain and, alongside modern, natural, non-compromised tonnage, about a third of which are relets, this kept TD20 suppressed and progressively edging towards the mid-WS 60s throughout the week. Looking ahead, apart from short-term developments, the overall picture here isn't exactly rosy. Nigeria remains a moving target as we approach the end of the initial three-month grace period for shipowners to pay their alleged fines, and those who will be able to call there can be expected to ask for a decent premium to do so. Also, geopolitical turbulence in the region is a significant "known unknown" that leaves many to favour a "wait and see" approach from the sidelines before committing. In the AG, itineraries are the main driving factor on Westbound runs. Any prompt enquiry ex-Basrah might command a further premium as the only healthy FOC ship is off the coast of North-East Australia, with just another vessel expected to set sail this side of the weekend (this ship has already delayed discharging in WCI). Apart from this, what's left is an overhang of predominantly compromised tonnage, all of which holding out hope to see a higher level of volume following the expected stem releases next week. Still, hope isn't really what moves freight and, with adjacent markets on a softer foot, this leaves the East of Suez market nothing but bearish for now.

Aframaxes in the Med had a very busy start to the week, which gave owners' morale a much-needed boost. Busy enquiry continued throughout the week, with the only exception of Wednesday, when WS 92.5 got repeated a few times, raising questions on whether momentum could be kept. The answer was yes, and as ships got put on subs, thinning the list, freight got lifted to over WS 101 at the time of writing. Slow days continue in the North Sea, with rates still hovering around the floor in the mid-to high WS 90s. Nine ships ballasted TA this week, the highest since the second decade of June. Still, with not many natural players in the list, things could improve, especially with the help of fresh cargoes...

## Product Tanker Comments

Not a week to write home about on the LR2s. The supply list wasn't overly long in terms of quality ships, but demand has been particularly low. This has been the deciding factor on freight, and rates have softened across the board as a result. With USD 4 Mn being agreed last week for AG/UKC, it was clear early on that this would be above the appropriate level this week. When it was finally tested, there was considerable interest and USD 3.65 Mn was subsequently agreed. With westbound coming under pressure, it was only inevitable that the more popular eastbound cargoes would capitulate and fall further, with the latest agreed for TC1 being WS 120, a WS 20-point drop on the week. Demand is slow as the weekend looms, and should this low liquidity remain into next week, then this flatter freight feel will remain but we are also of the view that it might not take much to get owners' sentiment on the rise again; our lists are not overrun with good ships.

Last week, LR1s had a super tight window for cargoes loading in the 5-10 August window and freight reacted accordingly. It was implausible to see the same very hot scenario again over the last five days and that is how it has indeed panned out. Demand has been calmer, and rates have slipped as a result. Westbound has been challenging to find willing participants for, and regardless of this, it slipped to USD 2.95 Mn on subs for an older unit, which represents a USD 150-200K drop w-o-w. TC5 of course was also to follow suit, and we see today WS 130 on subs for a ship looking for dry dock in the Far East, which again tells a very different story to the WS 175 that was agreed last week. We are not overrun with quality tonnage but, as on the LR2s, demand is not enough to make anything optimistic with freight levels as of right now.

Rates for MRs in North Asia have flatlined this week, with supply and demand remaining well balanced overall. Meanwhile, SE Asia MR tonnage availability has tightened up considerably, and owners are looking to move freight levels up, some calling TC7 at WS 220 levels. Still, fresh cargoes entering the market have tapered down as we get into the weekend, and owners have been unable to leverage rates upwards just yet, but the potential remains there...

It was a rollercoaster week for the MRs in the UKC, with a busy start on Monday and then settling lower on Tuesday, with TC2 at WS 165 levels. However, TA freight strengthened back up to WS 172.5 and closed the week at WS 170.

Similarly, it has been an active see-saw week for Med Handies, where rates dipped around mid-week, before rebounding off the back of a thin list that has continued to tighten sharply into the weekend. Last done for TC6 is now WS 142.5 ex-West Med, where it is worth noting fewer units lie than in the East. Owners will be hoping for a busy Monday, which could give ground to raise the market further. Still, with quiet days in the Black Sea, and very little fixing activity, there could be some tonnage overflow into East Med next week, which could cap the upwards potential. Let's see...

		BDTI	BCTI	
		802	670	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	509.7	515.7	521.2	
Δ W-O-W	-7.3	-8.1	-8.2	
BALTIC TCE DIRTY				
	Route	Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-1,674	↓Softer
TD3C	ME Gulf / China	270,000	19,313	↑Firmer
TD6	Black Sea / Med	135,000	8,893	↑Firmer
TD8	Kuwait / Sing.	80,000	28,056	↑Firmer
TD9	Caribs / US Gulf	70,000	8,080	↑Firmer
TD14	Asia / Australia	70,000	23,332	↑Firmer
TD20	WAF / Cont	130,000	10,753	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	21,540	↓Softer
TC2	Cont / USAC	37,000	16,285	↓Softer
TC5	ME Gulf / Japan	55,000	19,496	↓Softer
TC6	Algeria / EU Med	30,000	9,178	↓Softer
TC7	Sing. / ECA	30,000	24,543	↓Softer
TC8	ME Gulf / UKC	65,000	22,397	↓Softer
TC23	ARA / UKC	30,000	12,728	↑Firmer