AFFINITY TANKER WEEKLY

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Crude Tanker Comments

Perhaps VLCC owners will end the week feeling a little more positive having endured recent meagre volume and a downward trend on fixing levels which they have struggled to arrest. They will draw upon a busier last couple of days in the MEG as September stems finally hit bringing a variety of players in to the market and a good number of vessels also covering under the radar. Tonnage lists are looking tighter now and even with the weekend refresh owners might feel they have a better platform to work from come Monday. TD3C for modern/approved/FOC is likely to see owners still ask in the region of WS 45 and otherwise the combative efforts on longer voyages continues; Brazil / East runs are not really paying a discount now versus TD15 which goes against the majority of this year to date, and charterers have had little joy in trying to squeeze further juice out of rates on these runs. USG skips along for all trips so TD22 remains in low USD 8 Mn levels, and with vessels recycling in the West plus a handful of additions ex East it's still honestly hard to see a large momentum shift in the offing.

This week has been an active one in the Atlantic, with one charterer taking a small armada of vessels after some prompt Forcados barrels got worked. As a result, the Suezmax tonnage list in WAF has been severely eroded, hand-in-hand with volumes for the first decade close to reaching max coverage over the VLCC and Suezmax segments. Looking forward, the extension of FOC pushed positions is not high, around seven UKCM vessels are set to sail by Tuesday (excluding EMED positions). This should be sufficient to maintain current levels and, if cargo volume remains high, there is capacity to push freight higher. In the USG, early sentiment was built around a reluctance from Afras to fix long-haul at close to market base, leading more USG/TA barrels to sneak into the Suezmax market. Volume has exceeded expectations, with half a dozen more cargoes moved in the 20-31 window than the next closest decade on record, prompting some to suggest the paper market has played a large role. Midweek the thought process remained that charterers may hold off adding further fuel to the flames but TD20 may force their hand. For now, FOC availabilities are severely constrained and there is no sign of replenishment from Panama ballasters, such that a ballast down and around to Brazil is preferable. And, if TD20 moves beyond WS 70, USG/TA should follow suit.

Aframaxes in the Med had a slow and overall unremarkable start to the week. However, the proverbial tide started to turn on Wednesday, with multiple replacements shifting sentiment towards owners. Rates have started to react to the very tight front-end of the list, climbing up above the WS 105 mark. In fact, X-Med candidates without Russian history remain few & far between and, even with Suezmaxes lurking in the background, Afra morale continues to improve. As we enter the final stretch of the month, there still are a few Libya stems working, which should help the market remain on a firmer foot. Slow days continue in the North Sea. Limited volume has allowed the list to refresh with natural candidates continuously getting pushed. There has been extremely limited enquiry, and rates for now remain settled at the bottom, around WS 95 for TD7. After a quiet week, there were three ballasters going TA and one to the Med overnight between Thursday and Friday, but more are expected over the weekend.

Product Tanker Comments

Such a tight LR2 list at the start of the week meant that firming freight levels were very much in peoples' mindset. Improvements were made with TC1 moving from WS 120 to WS 130 being last agreed. However, there have been some calmer routes this week; Westbound freights have struggled to move at all and today we saw a repeat of the last Yanbu/West with USD 2.65 Mn on subs. Given that there are a few ships with Russian history still around in the AG, we have only seen rates either repeated at USD 3.65 Mn for non-Russian history and then Russian ships offering a USD 150-200K discount to gain coverage. We will again start Monday with a tight list so the air of expectation from owners will be very much felt again but if demand remains this lacklustre, then charterers should manage to keep a lid on freight expectations.

The story is not dissimilar on the LR1s. Rates have improved and so the week ends with good optimism and better numbers secured. Monday should (like the LR2s) start positively as the list is shorter so owners will greet the week with good anticipation of more exciting times ahead should demand be decent enough to do the same. Rates have moved to WS 155 for TC5, a 20 WS points gain w-o-w. USD 3.25 Mn was paid for Kuwait/UKC, a weekly gain of USD 300K. Let's not be too surprised if we see further rises next week - the owners certainly seem to think so!

It has been a week of minimal action happening in the North Asia MR market, with freight rates seen gradually slipping off. Korea/Singapore has been traded at USD 830K and pessimistic owners feel that the worst is yet to come. With larger unit continuing to face difficulties amid lacklustre demand, MRs remained hopelessly capped. Moving into next week, without improvement in enquiry, further softening can be expected in the market. On the other hand, MRs in Southeast Asia had a very busy week. Singapore/Australia has been traded at WS 210 on consecutive runs and both parties are happy to fix in reference to its conference rate. As multiple outstanding stems are still seeking cover, the tonnage list appears to get thinner, which provides potential for the market to firm next week.

It was a strong week for the Continental MR market. Continued strength in the USG market keeps TA tonnage supply in check, and rates have steadily improved to WS 200 for TC2 at the time of writing. We have also seen an increase in WAF deliveries which crept up to WS 210 by the end of the week.

Meanwhile, the Handy market has remained steady around WS 185 for Cross-Continent throughout. In the Med, Handy stems have shot out of the blocks this week and, with tonnage already tight from the outset, TC6 has gained around 70 WS points to finish at WS 210 at time of writing, though with a very healthy list of stems remaining to be covered, this number could be higher come Monday. Owners will be confident of further firming early next week before tonnage begins to be replenished. However, with approximately 11 vessels still on subjects, it looks like the list won't lengthen over the weekend, possibly the opposite.

	BDTI	BCTI
	803	772
Δ W-O-W	↑Firmer	↑Firmer

BDA (USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	504.5	510.6	516.5
Δ W-O-W	-5.1	-5.0	-4.7

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-7,530	↓Softer
TD3C	ME Gulf / China	270,000	17,772	↑Firmer
TD6	Black Sea / Med	135,000	6,974	↑Firmer
TD8	Kuwait / Sing.	80,000	23,221	↑Firmer
TD9	Caribs / US Gulf	70,000	17,543	↑Firmer
TD14	Asia / Australia	70,000	23,124	↑Firmer
TD20	WAF / Cont	130,000	14,449	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	26,413	↑Firmer
TC2	Cont / USAC	37,000	23,006	↓Softer
TC5	ME Gulf / Japan	55,000	23,637	↓Softer
TC6	Algeria / EU Med	30,000	33,325	↑Firmer
TC7	Sing. / ECA	30,000	23,453	↓Softer
TC8	ME Gulf / UKC	65,000	29,082	↑Firmer
TC23	ARA / UKC	30,000	12,589	↑Firmer