



Crude Tanker Comments

VLCCs fortunes started to turn for the better this week. After a relatively quiet morning yesterday, it's evident that, when the US woke up, the volume was turned up once again squeezing that Atlantic list, making things that bit more difficult for charterers and it won't help that there is minimal tonnage available on the UKC. While today we didn't really see a steady, continuous flow of volumes, there still was some activity as charterers looked to cover prior to the new week's uncertainty. Of course, we are yet to see what info will escape out into the market. Owners will likely continue to push for higher levels as we go into the next week....

On the Suezmaxes, any gains made in WAF last week have been wiped out by subpar activity across the board. Of course, this triggered a chain reaction, with rates suffering not only in the Eastern Atlantic, but also in the MEG. A lack of fresh stems throughout the week didn't help to keep the tonnage list trimmed, which in turn pushed WAF to a new bottom, with an Angola loading cargo going on subs at WS 62.5. With the weekend looming and the Baltic Exchange assessing TD20 at WS 67 levels, we can expect the market on Monday to be near these levels, if not lower as new ships open over the weekend. Meanwhile, this week Basrah-suitable tonnage in the AG for the first decade of October tightened up in the second half of the week and, as a result, we have seen rates edge up marginally here.

Afras in the Med had an active start to the week with over six cargoes working on Monday as Libya was still not closed out for September dates. Owners have begun to capitalise on a very short X-Med list while cargo enquiry continued in abundance throughout the first half of the week. Trieste and Milazzo closures for maintenance have thrown some uncertainty into the market, but a tight list throughout kept the market in good stead. Overall, momentum remains very much with owners, who have managed to push rates up by almost 30 WS points from last Friday, to WS 113 at the time of writing.

Meanwhile, in the North Sea, owners' sentiment is on the floor with WS 90 levels being repeated continuously amid a chronic lack of enough cargoes. Each week remains a similar story with significant relets pushed and many other standout North Sea candidates seeing no business. Owners continued to search for opportunities with seven ships ballasting out this week – three to the Med, one to WAF and two the USG despite the limited opportunities there. Still, with X-Med escalating, further ballasters can be expected for the next week.

Product Tanker Comments

LR2 owners have continued to largely publicise their optimism in this market and there are some cases where that has led to respectable results, with TC1 creeping up by 5 WS points with WS 140 being agreed on a couple of occasions for modern ships. Some of the compromised units are accepting discounts to this number, with WS 130 also agreed over the last couple of days, but there has been just enough demand towards the close of play for the majority of owners to hold their nerve and remain cautiously optimistic into next week. Westbound deliveries have been quieter, but USD 3.925 Mn has been agreed for a Qatari load and WCI discount has been a little wider with USD 3.7 Mn last agreed.

Meanwhile, the LR1 list has been very tight again with not many modern units. Demand has not been overwhelming, but we are aware of at least one Westbound public stem that has struggled so much to find a suitable candidate that the laycan had to go back a week and freight had to be lifted for the same, with USD 3.45 Mn having to be agreed to achieve cover for the same. TC5 was quieter and of course would be more fancied by a great proportion of the fleet so WS 160 was secured (a 5 WS point drop from last week). The list still looks thin for Monday, so steady market levels for the start of next week would be the prediction.

North Asia MRs started the week uninspiringly with supplementary fresh enquiries only towards the end of the week. This has resulted in freight rates coming under pressure with a Korea/Singapore run being traded at USD 850K on an older vessel. Charterers are spoilt for choice and are not in a hurry to fix given the amount of tonnage sitting around for the current fixing window. The Chinese Golden Week will be arriving in a fortnight, so we expect an increase in enquiry next week, and this should stabilise, or even firm freight. It has been a steady week for the Southeast Asia MRs where activities were mostly comprised of stems discharging in South Africa, amid refinery turnarounds in the AG and WCI. These activities held the Singapore market steady, but at the same time owners got worried due to the lack of local enquiry. Moving forward, we might start to see freight rates soften unless more local stems appear.

In the West, the USG market remains as volatile as ever, and it looks like next week could be setting up to be particularly dramatic. With Europe being the better market this week – TC2 climbed up to WS 195 levels on Thursday, from WS 175 the day before, and WS 180s prior – USAC tonnage has ballasted away and activity here in the USG has been steady, so as we approach the end of the week, tonnage supply into the USG region is looking extremely tight in the 5-7 day window. Charterers are aware of this, and they have been cautiously trying to find forward coverage this week. That said, we don't think enough is booked forward to dampen the uplift in freight we could see early next week as routes reprice. We have seen USD 2.278 Mn agreed to Chile on Thursday, a push of USD 175K from last done, and a TCE of circa USD23.5K/day with 14 days canal delays baked in on the return. By contrast, in weeks 29-35 of 2023, USG-Chile has been fixing steadily in the USD 2.5-2.9 Mn bracket, so by recent historical markers it is extremely good value for charterers and we won't be surprised if the market shoots back up next week. In fact, TC2 round trip earnings for WS 195 is around USD 26.5K/day and USD 2.5 Mn to Chile is USD 27.5K/day, so that's a balance across Atlantic markets...

		BDTI		BCTI
		790		868
Δ W-O-W		↑Firmer		↑Firmer
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		504.3	512.2	518.1
Δ W-O-W		-0.2	1.0	1.5
BALTIC TCE DIRTY				
Route		Qty	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-8,121	↑Firmer
TD3C	ME Gulf / China	270,000	22,619	↑Firmer
TD6	Black Sea / Med	135,000	7,151	↑Firmer
TD8	Kuwait / Sing.	80,000	15,969	↑Firmer
TD9	Caribs / US Gulf	70,000	-819	↑Firmer
TD14	Asia / Australia	70,000	28,722	↑Firmer
TD20	WAF / Cont	130,000	11,733	↓Softer
BALTIC TCE CLEAN				
Route		Qty	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	26,539	↓Softer
TC2	Cont / USAC	37,000	19,889	↓Softer
TC5	ME Gulf / Japan	55,000	25,138	↓Softer
TC6	Algeria / EU Med	30,000	54,762	↑Firmer
TC7	Sing. / ECA	30,000	31,853	↑Firmer
TC8	ME Gulf / UKC	65,000	31,153	↓Softer
TC23	ARA / UKC	30,000	12,752	↑Firmer