



Crude Tanker Comments

The bulk of VLCCs discharging in east have now sailed, and it seems that there still is decent supply to come in the coming week or so. 16 projected FOC ships yet to be pushed by their owners may be a concern as we move into the new week, but let's see if heels can be dug in at WS 50 level for both TD3C and TD15. So far owners on the whole don't agree that the WS 49.5 that was done for vanilla TD3C is representative, being that it was booked on a vessel that hadn't moved for a month. Charterers, however, will see that as the market level.

We have seen very little in terms of Western opening tonnage pushed or projected tonnage, which at least prevents further downward pressure on the Atlantic markets from the UKC. Volume still seems to be behind when we look at the cargo count, but the lag seems to have been persisting for a while now.

It wouldn't be a surprise if Chinese charterers are holding off from covering what would usually be the natural window in the MEG, to blunt any remaining optimism, and then go and indeed cover their cargoes under the veil of Chinese holidays. Already we hear questions being asked, but the real tester will be as we press on with week 40.

On the Suezmaxes, in the Americas there are just three FOC locally with no other ship sailing this side of the weekend. Still, with plenty of cargoes left outstanding as cob approaches, it is unlikely that the USG market will be sensitive to spikes. While USG/TA is poised to firm given the outstanding stems, WAF might correct further downwards basis healthy supply-side fundamentals, and TCEs might begin to converge with parity to land around WS 60 for TD20 (it is around WS 67 at the time of writing), which is about WS 50 for USG/TA – its current levels. As we reach parity, we may have up to nine FOC vessels off Gibraltar and the UKC playing in on USG cargoes, which in turn could cap any further progress and leave charterers with healthy options.

Aframax positions in the Med didn't really replenish after the last weekend, with the front-end of the list offering limited X-Med standouts on Monday. Over ten cargoes hit the market on Monday, further boosting morale despite the increasing supply of tonnage from the North Sea, calming weather, and even on the back of a softening CPC market. However, from Tuesday onwards activity almost stopped abruptly as enquiry faded away. As a result, X-Med rates started to decline, also pressured by Suezmaxes lurking in the shadows. As the week comes to an end, rates are in the WS 107, about 6 WS points less than what we started with. However, with Trieste maintenance nearing its end, and calm weather for the foreseeable, sentiment is set to ease further.

Meanwhile, very slow days continue in the North Sea as enquiry is just nil. Rates remain firmly at the bottom – around WS 90 levels. Owners continue to explore the ballast out with 13 in total in the last week with further expected over the weekend.

Product Tanker Comments

A lot of fixing happened on the LR2s, which was a welcome relief to the longest position list on Monday that we have seen for about 5-6 weeks. A lot of ships have been taken largely on the private side, so freight levels have not quite been transparent enough to induce much in the way of fluctuations. At one point, TC1 dropped to WS 125 on the more compromised units before moving up to WS 132.5 – 135 levels towards the weeks' close. Westbound has been quieter and rates have been all over the place with USD 2.8 Mn on subs for west Med only out of Sikka and Yanbu/UKC holding steady with USD 2.8 Mn also on subs for a not compromised unit. Even though no progress was made this week all in all, we sense that owners will be looking forward to the thinner list on Monday.

LR1s haven't seen a bunch of activity this week, but the list has been tight enough to hold well on levels. TC5 has been agreed in the WS 150 – 157.5 area and westbound remains strong at USD 3.45 Mn for Jubail/UKC.

This week, charterers in the North Asia MR market flocked together to rush fixing before the commencement of Golden Week and Mid-Autumn festivals. There have been more fresh cargoes, which has resulted in a thinner tonnage list as freight rates were kept on a steadier level or even slight firming on a Japan/Singapore run which was being traded at USD 900K to close off the week. Despite that, owners' mood have been dampened after the announcement by the Chinese government of not issuing new export quotas for clean products, and additional allowance for crude oil imports for the rest of the year. Adding this to the upcoming holidays, from next week the market should be weaker with activity expected to fall down a downward trend.

Southeast Asia MRs had a tough week with limited activity occurring on the market's surface. There might be some private activities conducted behind the scenes, but the further replenishment of tonnage to the list is not a positive sign for owners. The support from the neighbouring markets has also been diminishing where it seems to be another difficult week for owners moving forward.

In the UKC, Mrs had a steady week. The list has remained limited, but the level of cargo enquiry has been regular but not eye-popping, leaving TC2 trading around WS 182.5-185 levels, with some Russian willing units giving marginal discounts to secure business. With news of Russian exports cuts to support the domestic market, owners have to evaluate alternative options, giving more choice for some customers that can transact on ships with such history.

The UKC Handy market has rocketed up this week. After a lengthy spell in the doldrums, a short list of ships coupled with an injection of cargo enquiry has driven rates up to WS 240 for X-Cont, another important catalyst for such spike was the number of delays and uncertain schedules. On the other hand, Med Handies had a very quiet week, and rates have nose-dived by 100 WS points as a result, with the latest number for TC6 at WS 200. Owners' confidence has been rocked, and short-term sentiment is bearish, especially as there's still ships on the list to chew through, and with very little demand to speak of, the market remains quiet.

		BDTI	BCTI	
		821	812	
Δ W-O-W		↑Firmer	↓Softer	
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	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-10,175	↑Firmer
TD3C	ME Gulf / China	270,000	21,812	↑Firmer
TD6	Black Sea / Med	135,000	6,889	↑Firmer
TD8	Kuwait / Sing.	80,000	22,506	↑Firmer
TD9	Caribs / US Gulf	70,000	-363	↑Firmer
TD14	Asia / Australia	70,000	28,175	↑Firmer
TD20	WAF / Cont	130,000	12,067	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	24,537	↓Softer
TC2	Cont / USAC	37,000	18,521	↓Softer
TC5	ME Gulf / Japan	55,000	23,276	↓Softer
TC6	Algeria / EU Med	30,000	27,882	↓Softer
TC7	Sing. / ECA	30,000	28,617	↑Firmer
TC8	ME Gulf / UKC	65,000	31,819	↑Firmer
TC23	ARA / UKC	30,000	12,844	↑Firmer