



Crude Tanker Comments

A very slow start to the week and softening sentiment looming over all regions for the VLCCs. With fundamentals swaying vastly in charterers favour for the majority of the week, rates came off probably at a faster rate than what owners would've initially expected, now down to just north of mid WS 35 for TD3C. It feels like despite volume being turned up a little east of Suez, it was never going to be sufficient to prevent charterers making hay. That said, lists have been chopped by almost 10 FOC non compromised ships showing at least that the longest lists of the year are no longer (for now). Pruned down, likely preventing things from remaining down in the dumps for so long.

The Atlantic picked up vastly during the back end of week 40, maybe aiding in shifting momentum not so heavily in charterers favour. Again, with lists being chopped from 34 FOC non compromised ships ETA a month out basis Angola, to a more manageable 25 FOC vessels. This has been with little to no help from WAF and with Chinese charterers being off for the majority of the week.

As expected last week, we still believe Chinese charterers moved diligently under the veil of their lengthy public holidays, effectively preventing any encouragement seeping through to owners. For now, the bottom feels nigh, with fundamentals more under control, maybe foundations for a well-needed correction now being laid after a pretty rotten week for owners.

Despite a short list of tonnages, Suezmax activity in the Med has been slow this week as limited volumes kept a check on rates while FOC tonnage started to pile, posing a bit of a challenge for Aframax in the area. Out of six FOC vessels, four from Gibraltar are targeting WS 80 rates on the TD20 route, following the precedent set by a previous USG/TA run that achieved WS 72.5. However, the region is likely to see an increase in FOC vessels, possibly by ten, by Monday, altering the dynamics. On the other hand, Suezmax rates in West Africa saw improvement, with Nigeria/UKC now valued at WS 73.32, up by 5.5 points on the week. Still, a busier US market pushed TA runs up to WS 72.5, which could force TD20 to hit WS 80 to keep the focus of Gibraltar tonnage.

In the Aframax sector, it seems that rates in the Med have hit their bottom, with recent activity shrinking the pool of available vessels, leading to premium rates. X-Med saw an increase of 3.5 WS points to WS 109.5 this week. Similar firming sentiment has characterised the North Sea region for Aframax cargoes due to a tight tonnage list and an alluring USG market. The TA route saw a 20-point rise to WS 115.31. This will maintain pressure in the North Sea despite cargoes being pushed forward. Nonetheless, charterers are still quoting as last done.

Product Tanker Comments

The LR2 list has contracted throughout the week, cargo flow has only been enough to cement TC1 at WS 140 but owners, conscious that we are now fixing laycans well into Q4, are pumping out the positive freight narrative and it's hard to see freight slipping below these levels especially with refinery maintenance drawing to a close in the region. Also, with the amount of fixing in North Asia the expected ballasters due in the next fixing window will no longer be there and the list should remain tight for the next couple of weeks.

It has been a scrappy week for the LR1s in the Middle East, most of the cargos have been going short and these ships should re appear in the not too distant future, but TC5 paper for balmo has breached WS 160 for the first time in a couple of weeks and here too the sentiment is positive but rates on the physical are yet to materialise. For now, rates remain steady but it will take a decent showing of long haul cargos to push freight levels into the realms of where the paper market is trading.

The commencement of Golden Week surely does not dampen the spirit of the MR owners in North Asia as charterers continue to find difficulties in searching for a vessel suitable for their outstanding cargoes. Owners know that the ball is in their court as they make hay while the sun shines and keep up with the momentum to push freight rates higher. As a result, Korea/Singapore shot up by about 15 from last week's conference rate to get on subjects at USD 1.025 Mn. The larger unit market has also been demonstrating positive signs of improvement, which therefore creates lesser resistance with higher potential for rates to further climb.

It has been quite an uneventful week for the MRs in Southeast Asia with a high certainty of trades being conducted behind closed doors after observing the rise in number of vessels getting on silent subjects. We have not seen many ballasters coming out from Singapore yet, but surely owners are keeping a close eye on the situation in neighboring markets to seek for better rewarding employment for their ships. Next week, the market has all the support it needs which provides the capability for freight rates to gradually creep upwards.

European MRs had a steady rhythm this week, the tonnage list looks limited but sufficient cargo enquiry has been lacking, and rates has softened to WS 180 for TC2 voyages. The US market is still positive and it will cap the number of ballasters heading to Europe, which will add some support in the short term. Russia has lifted its ban on CPP exports which was short lived to say the least, many of the Russian willing units will now get back to focusing on some premium business which in turn will of course reduce the availability of choice for some customers. Handies have cooled off this week with less enquiry and ships finally receiving discharge orders, WS 220 is last done for X-UKC, but we expect less going forward as the list continues to grow.

| | | BDTI | BCTI | |
|------------------|-------------------|---------|---------|---------|
| | | 871 | 750 | |
| Δ W-O-W | | ↑Firmer | ↓Softer | |
| BDA | | | | |
| (USD/LDT) | TKR/LRG | TKR/MED | TKR/SML | |
| This week | 504.1 | 512.8 | 519.7 | |
| Δ W-O-W | -1.0 | -0.5 | 0.0 | |
| BALTIC TCE DIRTY | | | | |
| | Route | Qnt | \$/ Day | W-O-W |
| TD1 | ME Gulf / US Gulf | 280,000 | -12,165 | ↓Softer |
| TD3C | ME Gulf / China | 270,000 | 5,830 | ↑Firmer |
| TD6 | Black Sea / Med | 135,000 | 10,646 | ↑Firmer |
| TD8 | Kuwait / Sing. | 80,000 | 32,836 | ↑Firmer |
| TD9 | Caribs / US Gulf | 70,000 | 15,075 | ↑Firmer |
| TD14 | Asia / Australia | 70,000 | 28,348 | ↑Firmer |
| TD20 | WAF / Cont | 130,000 | 19,989 | ↑Firmer |
| BALTIC TCE CLEAN | | | | |
| | Route | Qnt | \$/ Day | W-O-W |
| TC1 | ME Gulf / Japan | 75,000 | 29,832 | ↑Firmer |
| TC2 | Cont / USAC | 37,000 | 20,154 | ↓Softer |
| TC5 | ME Gulf / Japan | 55,000 | 25,084 | ↓Softer |
| TC6 | Algeria / EU Med | 30,000 | 12,822 | ↓Softer |
| TC7 | Sing. / ECA | 30,000 | 30,496 | ↑Firmer |
| TC8 | ME Gulf / UKC | 65,000 | 33,016 | ↑Firmer |
| TC23 | ARA / UKC | 30,000 | 14,478 | ↑Firmer |