



Crude Tanker Comments

It has been a quiet week across the board for VLCCs, with rates correcting downwards as a result. TD3C is ending the week in the mid WS 50s' levels, down from WS 58 recorded last Friday, and well below the peak of WS 64 on Tuesday. The MEG market has softened purely because of unfavourable fundamentals, and seems like the same trend will continue unless there is a drastic turn in volumes. In the Atlantic, WAF remained fairly quiet, and also here we have seen some softening, with TD15 now at WS 58, down from WS 60 a week ago. While in the USG the slide hasn't dropped below week ago levels, with TD22 paying about USD 9.9 Mn, USD 400K more than it did last Friday. Owners are still holding onto hopes that the Atlantic will remain steady as Suez and Afras remain firm – maybe there could be opportunities in terms of charterers parcelling up stems. But whether it's enough to counteract the growing list... next week we should be able to tell. Beyond that, the return of Venezuelan barrel to the legitimate market is welcome news for owners – there has been no immediate impact on volumes thus far, and it will take some time before the impact is felt, especially as exports have been reduced to a trickle. Most importantly, this could reduce volumes carried by the "ghost fleet" in favour of the legitimate fleet, possibly sending some of those decrepit vessels to the scrapyards.

Suezmaxes had a rather interesting week. On the surface, WAF has been relatively quiet as charterers tried to keep the lid on TD20 in the hopes of seeing tonnage bloat over the weekend, but both the WAF and the Med markets remain deprived of FOC availabilities. For now, TD20 remains at WS 119 levels, a couple of points softer than its peak of WS 121 on Wednesday. But given that there is just one modern non-compromised FOC vessel off a UKC position, the fundamentals might allow owners to remain bullish moving into next week. Bad weather brings another layer of ambiguity for Med itineraries, which could delay any alleviation of FOC availabilities for charterers - only one WMed and one EMed ship apiece have firm berthing plans enabling them to open by Monday COB, including projected tonnage.

Aframaxes started the week with a bang, with fresh enquiry flooding the market, particularly for prompt dates, making owners continuously reassess upwards their freight ideas. The mix of war premiums and a busy market pushed levels to about WS 260 for Algeria/Spain, while CPC loadings repeat at WS 230 levels. Still, sentiment is slowly settling down as fresh enquiry has slowed, and a few natural X-Med ships still exist. However, some upside still remains, as very poor weather in WMed-CMed-Adriatic today and on Saturday might delay some itineraries. And while, for November, charterers should have more breathing room, but fixing remains challenging for the current window.

On the other hand, the North Sea market had a fairly slow start to the week. The list remains extremely tight, with usual players left with little to no positions for the rest of the month. The market remains very undervalued compared to the USG and the Med, and significant scope remains for improvement, with rates creeping up by 2.5 WS points at a time – TD7 is at WS 153 at the time of writing. However, in terms of TCE, an Eco ship on TD7 earns about USD 50K/day, considerably less than earnings well above USD 70K/day in the US and in the Med. As a result, we have seen a few more ballasters out of the North Sea: two to the Med, and three going TA. Looking ahead, the forward list continues to look exceptionally short, and extreme weather until 22 October should allow things to improve further also here.

Product Tanker Comments

This week, demand on the LR2s has not been that remarkable, but the position list is tight enough that charterers have only had to pay more to secure cover. Rates are looking very healthy for next week, while the list will still be on the slimmer side. Rates for Westbound moved up to around USD 4.2-4.3 Mn from the level of USD 4 Mn that was agreed last week. Naphtha then moved off the back of this with WS 165 and WS 170 being agreed yesterday, a strong premium from the WS 145 agreed last week.

The LR1 market has also shown a list that, while not as long as the LR2s, has still been slim on the good ships for this week. Yet, freight levels have remained in line with last done rates, as there have been slightly more willing/compromised ships to favour charterers. Still, it can be safely said that rates remain solid at WS 170 for TC5, around USD 3.45 Mn for AG/West and local runs remain healthy even if not feasible at the high levels that some are asking for. It looks decent into next week with the list still lean on quality tonnage.

MRs in North Asia were in bad shape this week, as activity remained underwhelming throughout. The shortage in fresh enquiry pushed owners into a corner, making them fix below last done levels. Korea/Singapore softened by over than 10 per cent this week, down to USD 900K at the time of writing on Friday. With limited export quotas left for Chinese exporters to work with, things don't look exactly upbeat as we go into next week.

The South Asia MR market has been similarly sluggish. The front end of the list remained very heavy, while little appeared in terms of fresh stems. As a result, some owners couldn't wait any longer and started ballasting up North. This might aid to trim the list, but moving forward, the market seems set to continue falling unless we see a large injection of fresh cargoes to offer support.

In the West, the USG remains overtonnaged against the cargo base, but at least there has been some activity, which is helping to slowly chip away at the front of the list. Most owners were hoping to chase short-haul business to the Caribs and EC Mexico, but opportunities there have been rather scarce. TC14 runs have been the most common opportunity, but considering European markets are underperforming amid a lack of fresh cargoes and a lengthening tonnage list, with TC2 now at WS 145, not all owners are showing a willingness to offer on this route and a floor has developed at WS 100.

For the first time in a while, the Med Handy market felt like it was levelling out and rates were more established. Handies were threatening to bounce at the beginning of the week, and activity has been steady, but there were too many ships on the list for the cargo volume to make any real impact and thus TC6 kept ticking over flat at WS 185-190 levels. UKC Handies are also quiet with not much activity going on, with rates settling at WS 172.5 for X-UKC.

		BDTI	BCTI	
		1274	763	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	504.0	512.5	519.5	
Δ W-O-W	-0.1	-0.3	-0.2	
BALTIC TCE DIRTY				
	Route	Qnt	\$/ Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	-979	↑Firmer
TD3C	ME Gulf / China	270,000	28,774	↑Firmer
TD6	Black Sea / Med	135,000	59,624	↑Firmer
TD8	Kuwait / Sing.	80,000	40,609	↑Firmer
TD9	Caribs / US Gulf	70,000	70,211	↑Firmer
TD14	Asia / Australia	70,000	38,441	↑Firmer
TD20	WAF / Cont	130,000	47,790	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	39,651	↑Firmer
TC2	Cont / USAC	37,000	10,272	↓Softer
TC5	ME Gulf / Japan	55,000	29,212	↓Softer
TC6	Algeria / EU Med	30,000	23,593	↑Firmer
TC7	Sing. / ECA	30,000	26,627	↓Softer
TC8	ME Gulf / UKC	65,000	36,138	↑Firmer
TC23	ARA / UKC	30,000	9,871	↓Softer