



## Crude Tanker Comments

VLCCs finish the week well balanced overall, having made solid gains across all regions. The extent of below radar fixing from last week was laid bare on Monday when the available tonnage, particularly East of Suez, was significantly shorter. Sure enough, appetite was tested via a few AG market quotes on Wednesday, pushing levels beyond the WS 70 threshold and we've since seen it settle at today's BTR rate of WS 74. It feels as though the first half of 1st decade AG cargoes are well covered and charterers will now look to round off the decade. In the short-term, we expect rates to hang around these levels with vessel availability looking ample but not oversupplied. The WAF complex has experienced solid activity, with rates bolstered by AG levels and the resurgence of Suezmax numbers, giving it a much-needed lift. A few fix/fails ex-USG threatened to soften market sentiment, but owners have continued to achieve good returns and keep TD22 above the USD 10 Mn mark. It has been interesting to see a second VLCC fixed out of Venezuela this week for USD 13 Mn, posting a USD 2 Mn increase on the deal made a few days ago. With fundamentals looking sound heading into next week, we see it remaining steady at current levels.

Suezmaxes had a sleepy start to the week, with lists still long, leaving the ball in charterers' court. As a result, we have seen rates soften progressively, with TD20 now below the WS 100 mark, at around WS 97 levels. Up to 3 December, there are as many as 23 FOC vessels workable for WAF. Meanwhile, WS 87.5 seen ex-Guyana could be a sign that owners are finally coming to grips with the oversaturation of the Atlantic and beginning to bend the knee. Suezmaxes have also started to become dangerously attractive for charterers looking to maximise their economies of scale and parcel up stems that otherwise would go to the smaller sizes, much to Aframax owners' dismay in particular. Only on Thursday was there a glimmer of hope for owners, with activity gaining some temporary traction in WAF. Also, in the MEG, things started to improve, leaving the list with a few Basrah-suitable ships until the end of the month, which should keep the local market steady going into next week. Also in WAF, advertised 20T lifter FOC avails are thinner as we draw a close to the week, and prompt enquiry could face a premium as only a couple of vessels are expected to set sail over the weekend and minimal options are hiding in the projections.

Aframaxes in the Med remained depressed throughout the week, also thanks to continuously weakening Suezmaxes becoming competitive options for charterers - at least six Afra cargoes have upsized this week. Despite port disruption in Trieste and Fos, momentum kept dropping quite rapidly for owners, while charterers remained in the driving seat. X-Med levels continue to test down further, and are now at WS 184 levels, after dropping about 18 WS points overnight. The FOC list remains relatively balanced with seven open ships and one expected over the weekend, but with unfavourable fundamentals, further drops can be expected going into the next week.

Meanwhile, in the North Sea, after a week of sustained levels, charterers finally found scope to test. The list has been constantly eroded and is now short with rates settled and now repeating at WS 180 for TD7. Meanwhile, the fixing window has moved on, subsequently there is a bit of breathing space for charterers, but it's definitely one to watch, as there aren't many favourable owners, and eight ships ballasted out this week, four to the Med, and four TA.

## Product Tanker Comments

The LR2 list was as long as we have ever seen it at the start of this week, with 56 vessels into Fujairah over the next 20 working days and the outlook is ominous after a couple of weeks of very thin activity. However, decent demand has finally come in over the last five days, testing all trade routes and, while there are still plenty of ships to work with, the list is much more balanced overall. TC1 has sunk to WS 125 and westbound we see USD 3.5 Mn for AG/UKC on a non-Russian history ship and USD 3.2 Mn for a Russian history vessel. We would expect a steadier start for next week as opposed to the fully bearish view shared by all this week.

As freight levels between the LR2s and the LR1s have been so narrow, we have only seen traders take advantage of the much better USD/T saving offered by the LR2s, which therefore left the LR1 market with quite a lot less to do this week. Trade has mostly therefore stayed on the local runs. Longer hauls have been intermittently tested but, with discounted rates too with WS 135 being the last agreed for TC5 and for westbound we see USD 2.95 Mn agreed for a Sikka load. Tonnage is not desperately long, but there are still good ships available towards the top of the list, so we sense that this listless view will remain at least for the start of next week.

This week, MR owners in North Asia changed the tune as the tide started to turn. The list continues to trim while owners catch the right moment and seek charterers to pay up, resulting in a Korea/Australia run getting on subjects at WS 185. To add more fuel to the fire, mid-China appears to be having some strong wind level issues, which brought in uncertainty into itineraries of vessels caught up in that area. However, owners caught up in the weak Singapore market are keeping a close eye on the better earnings in the North, as the temptation of ballasting up is very high. This of course would cap the upside potential for freight, while leaving the ball in charterers' court. For now, there seems to be some room for improvement for rates to firm going into the next week; nonetheless, we expect it to be slow and gradual.

The UKC MR market has underperformed this week due to a lack of volume. The tonnage list is sufficient and, with the US market in overdrive, all owners are pursuing a TC2 cargo. As a result, freight softened down to WS 187.5. We have seen owners chase a market before and the reality it could be a lot less or a lot more by the time they arrive in the USG. The volatility is however keeping the market interesting; we will see fewer ballasters to Europe and more ships committing to the USG for now.

The USG market has been incredibly firm this week with multiple cargoes working before 21 November and, against an increasingly tight position list, it was clear that charterers felt unable to hold back and rely on resupply from EC Mexico given port closures due to rough weather. Since the lifting of sanctions for CPP imports to Venezuela a few weeks ago, there has been plenty of talk about which owners could/would call Venezuela and what sort of premium it might command, but there hasn't been any actual firm enquiry until Thursday. The timing was somewhat ill-fated given the severe shortage of tonnage able and willing to call Venezuela for a 19-20 November laycan, but it was put to the test nonetheless and priced at USD 1.95 Mn with DAs for charterers account at disport (vs last done USG-Caribs at USD 1.415 Mn). With only 2.5 working days next week for cargoes to cover out to end-month, owners will remain in the driver's seat in determining where next done is established. As rates are at 2023 highs, we could start to see some owners content in accepting 'last done' levels ahead of the long break to make sure and secure these elevated TCEs.

		BDTI	BCTI	
		1317	826	
Δ W-O-W		↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	500.2	509.1	517.7	
Δ W-O-W	0.8	1.5	1.0	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD1	ME Gulf / US Gulf	280,000	10,980	↑Firmer
TD3C	ME Gulf / China	270,000	55,770	↑Firmer
TD6	Black Sea / Med	135,000	63,465	↑Firmer
TD8	Kuwait / Sing.	80,000	44,793	↑Firmer
TD9	Caribs / US Gulf	70,000	66,127	↑Firmer
TD14	Asia / Australia	70,000	37,505	↑Firmer
TD20	WAF / Cont	130,000	36,398	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	22,019	↓Softer
TC2	Cont / USAC	37,000	21,923	↓Softer
TC5	ME Gulf / Japan	55,000	17,434	↓Softer
TC6	Algeria / EU Med	30,000	52,345	↑Firmer
TC7	Sing. / ECA	30,000	12,574	↓Softer
TC8	ME Gulf / UKC	65,000	25,141	↓Softer
TC23	ARA / UKC	30,000	9,550	↑Firmer