



Crude Tanker Comments

It has been a bit of a split market this week as early Atlantic activity and the cascade from the improved Suezmax/Aframax sectors have seen prompt West tonnage get cleaned up, whilst East of Suez has been a bit drab in comparison. Europe seems increasingly thirsty for barrels ex-WAF & USG and those V owners able to make January dates West Africa took advantage, managing premiums over previously fixed 2023 rates. On the flipside, we saw some "stranded" tonnage being a bit more pro-active to cover early USG dates considering spot/committed that way and with Venezuela now quiet after its initial flurry post-sanctions easing. The list for ballasters to fix natural dates MEG/WAF/Brazil hasn't really tightened and this was reflected by TD3C drifting slightly towards the WS 56.25 (basis 2024 WS) that has now been paid. Brazil saw a couple of market tests and similarly provided a benchmark around the WS 56 level (2024) for what you'd call "natural fixing" and TD15 expected to fetch a shade above this. There is fresh impetus now though, with around 10-12 Atlantic cargoes outstanding at the time of writing, a clear anomaly for a Friday afternoon, so owners are confident of making improvements moving into next week. Certainly, TD22 has the most scope and may move quickly; no doubt mid-USD 8 Mns and higher may be seen.

After the holidays, the Suezmax market has seemingly started on solid footing. Atlantic markets kept firming throughout the week, amid good levels of fresh enquiry in both WAF and the USG/Guyana. TD20 has climbed up to WS 135 levels at the time of writing, gaining over 10 WS points in a day, while earnings are around USD 50K/day for an ECO ship. USG exports are in the WS 100 levels, while Guyana went on subs at WS 120 levels. This helped tighten up the front-end of the list with positive effects on neighbouring markets, namely the Med, where rates have firmed further as a result. Meanwhile, the AG remains quiet with not much happening in terms of fresh cargoes. However, owners there might soon get tired of sitting and waiting, and some could soon start ballasting towards the Atlantic in search of better fortunes.

Med Aframax rates didn't have the best start to the year, with cargo enquiry remaining limited throughout. However, with US markets spiking, many owners have decided to ballast West - six/10 FOC vessels appear to be sailing towards Gibraltar at the time of writing. Bad weather is expected between 6-10 January and, with supply issues looming as Libya's major oilfields shutdown because of protests, fixing last done will be difficult and overall sentiment is taking a turn. For now, X-Med has risen towards WS 170 levels (about WS 160 basis 2023 flat rates). In the North Sea, local activity remained very limited. With the USG on full afterburners, early ships have started to look towards ballasting (three so far this week). While North Sea standout candidates remain in short supply, further enquiry is needed to positively impact rates. For now, TD7 has settled around WS 180, meaning that, for those managing to fix, TCEs currently stand at around USD 80K/day.

Product Tanker Comments

Sentiment on the AG LR2s has softened throughout this week, with the lack of activity undermining owners' confidence. Rates were (and still are) relatively high - westbound remains above USD 5 Mn despite a USD 350K drop from last done. As a result, some owners remained pragmatic and didn't seem too concerned to continue pushing and were happy to take the rates on offer. Now, when rates start to turn or activity dries up, this mindset intensifies and owners do not want to miss out, so if that means doing less than last done, so be it. TCE earnings for westbound remain high, almost at USD 90K/day for an ECO ship, thus, for some, shooting for the stars and missing isn't an option. TC1 has softened this week, with WS 150 on subs (2023 rates), a 20-WS-point drop this week. The Red Sea is tight for natural tonnage and ongoing issues in the southern straits are keeping rates higher.

LR1s have been quiet, with short-hauls dominating. TC5 failed subjects at WS 185 and is yet to be tested since and, with TC1 pricing at WS 150 and TC12 at WS 160-165 levels, one expects TC5 to correct down to circa WS 160 levels. Westbound remains firm due to obvious issues concerning the Red Sea. USD 4.15 Mn has been put on subjects twice -TCE earnings are north of USD 60K/ day. Owners on the LR1s are generally more pragmatic and appear to be in deal-making moods. Overall enquiry has been slow this week and we expect freight to remain under pressure moving into next week.

The North Asia MR market has enjoyed a fantastic start to the year, marked by a surge of fresh enquiry flooding the market. A crucial contributing factor to this surge in activities was the introduction of the new Chinese export quota for the year. As the week progressed, charterers endeavoured to prevent additional rate increases by retaining the stems they had in hand, but eventually found themselves with limited options and had to release these stems sooner, which in the end led to a further spike in freight. Due to the acute shortage of vessels available for prompt laycans, charterers have no choice but to agree to higher rates, with Dalian/Singapore being put on subjects at USD 940K. As freight rates are expected to continue to rise, owners are looking ahead to the coming week with optimism.

It was a disastrous first week for the MRs in Europe; the lack of enquiry coupled with a buildup of tonnage over the festive period has put freight rates under serious pressure, leaving rates slumped at around WS 125 for TC2 basis 2024 flat rates. There is optimism from owners that there must be more to come, but it will need a good flow of cargoes before we see any signs of recovery; the front-end of the list is looking heavy. Also, in the USG, rates slipped significantly due to the initial glut of tonnage in the fixing window, despite positive enquiry levels at the beginning of the week. Charterers have been probing owners' resolve by countering below last done levels with some success, especially on long-haul routes. USD 2.8 Mn is the last done for Chile and there is pressure on TC14 to fall below its last done of WS 152.5 and Brazil below WS 215, both on 2024 rates.

		BDTI	BCTI	
		1384	799	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	492.8	502.9	510.1	
Δ W-O-W	-1.1	-0.9	-1.8	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	30,738	↑Firmer
TD6	Black Sea / Med	135,000	63,193	↑Firmer
TD8	Kuwait / Sing.	80,000	49,997	↑Firmer
TD9	Caribs / US Gulf	70,000	76,837	↑Firmer
TD14	Asia / Australia	70,000	39,418	↑Firmer
TD20	WAF / Cont	130,000	57,480	↑Firmer
TD22	USG / China	270,000	36,298	↑Firmer
TD25	USG / Cont	70,000	75,916	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	35,058	↓Softer
TC2	Cont / USAC	37,000	5,600	↓Softer
TC5	ME Gulf / Japan	55,000	28,600	↓Softer
TC6	Algeria / EU Med	30,000	25,811	↓Softer
TC7	Sing. / ECA	30,000	24,623	↓Softer
TC8	ME Gulf / UKC	65,000	46,486	↓Softer
TC23	ARA / UKC	30,000	29,331	↓Softer