



## Crude Tanker Comments

VLCCs are ending the week on a quiet note everywhere apart from the Americas, where we have seen the slightly earlier dates in USG getting worked, holding rates above the USD 10 Mn mark – TCEs have risen almost up to USD 65K/day - and Brazil has been firming and is now just shy of WS 70. Going into the next week, we could expect more of the same as cargoes get covered progressively. However, also in the MEG, things might start to get hot, as the next batch of stems is bound to be released next week, which, paired with the latest geopolitical tensions in the region, might prompt owners to push their premiums above last done. TCEs here might start to close the gap with the ever-hot US market, rising from USD 55K/day for an ECO ship at the time of writing. The only cloud on the horizon is the list, which opens up quite substantially for forward dates, but again, volumes should match it, keeping sentiment steady/firm going forward.

On the Suezmaxes, WAF remains buoyant in the prompt window, however the muted enquiry paired with the influx of ballasters from the East of Suez might cap TD20's sentiment in the forward window. For now, rates remain around WS 140 for TD20, which translates to earnings of about USD 53.8K/day for an ECO ship. Meanwhile, eastbound enquiry in the AG this week has allowed a small buildup in ships willing to transit the Red Sea. Owners will hope to see healthy volume levels next week following stem releases, but for now the fundamentals undermine the sentiment for TD23.

Still, given the latest geopolitical development in the southern Red Sea, namely the airstrikes on Yemeni territory on part of the US-UK coalition, could have some further positive spillovers on freight, with TD23 already rising by over 2 WS points on the day to WS 89.7 (TCEs about USD 60K for an ECO ship), especially after the Houthis' senior leader announced the expansion of the campaign against all US and UK interests, alongside those linked to Israel. And with US president Biden already announcing the possibility of new strikes, most owners will be demanding higher premiums to transit the southern Red Sea, provided the situation doesn't escalate drastically.

Meanwhile, Med Afras had an active start to the week, with constant cargo enquiry boosting owners' morale. However, after the mid-week point, things started to slow down, with enquiry struggling for offers while the US continues to provide a lucrative alternative to fixing X-Med, an option explored by eight vessels so far this week. In fact, the US continued to fix sky-high numbers throughout the week, with TCEs at USD 97K/day levels for ECO ships. Back to the Med, the picture looks positive as we go into the weekend, with sustained delays in the Turkish Straits and CPC outbound delays, there is the potential for earnings to try close the gap with the US.

Enquiry remained limited in the North Sea this week, with rates repeating last done levels, and most owners contemplating the ballast option, with seven ships ballasting out this week - six to the USG, and one to the Med.

## Product Tanker Comments

LR2 volumes in the AG were down to a trickle at the backend of this week. It is very difficult to tell where the line is regarding what is the causing factors on this; is it a reluctance to load the biggest ships in the clean market and then have that heightened steel/oil and H+M risk going through the Red Sea, or is it more related to old fashioned market fundamentals? There are some stems out there, but owners are doing a lot of sitting back today in light of the Bab El-Mandeb straits attacks that occurred last night. The week has been very stagnant in terms of new freight levels – some softening has been witnessed to the extent we have seen WS 140 on subs for TC1 and UD 4.5 Mn for Ruwais/West. These figures were all concluded early-to-the-middle of this week and then after that it all went very quiet. Next week could either be explosive or this market might remain more of a damp squib, time will tell...

Meanwhile, LR1s have been very busy this week. We count at least 26 deals on subs/fixed - a real surge in energy and the list is a lot leaner. With the quiet LR2s holding flat, freight levels there have been a bit of a natural ceiling in terms of financial gains so far, but owners' ambitions should be decent for Monday. Without wanting to sound like a broken record, we do have to put Westbound ideas and protocols to one side in terms of future estimation as mentioned above, but in terms of last done – we have seen USD 3.95 Mn, USD 3.925 and USD 3.85 Mn all agreed for AG/UKC through the Suez Canal but the Cape of Good Hope options will almost certainly be the trade routes starting to grab our attention going into next week. In terms of other routes; traders have been making better sense of moving naphtha on LR1s this week as opposed to LR2s and several deals have been agreed; freight is holding at WS 170 on 2023 flat rates, but is likely to only move on further next week if the flow continues.

MRs owners in North Asia managed to continue the momentum they had built up going into the start of the week. Tonnage availability on the prompt side of things was scarce and rates held firm. A few cracks started to appear mid-week as charterers reached further forward on laycans and we saw Korea/Australia drop 5 WS points to WS 255 (2024 flats) and a USWC cargo also drop below last done. There has been some more activity towards the end of the week but not to the same extent we have seen recently; as such, the outlook going forward is steady to soft. In contrast, it looked like freight levels in SE Asia would drop off with very little activity in the first part of the week, only for a load of Australia- bound cargos to enter the market mid-week. Rates have bounced to WS 250 (2024 flats) for TC7 and tonnage availability has also shrunk, which suggests the firmness could extend into the next week.

UKC MRs have welcomed more activity this week with an uplift in cargo enquiry. The tonnage list now looks more balanced across the week as prompt ships are picking up the available cargoes. TC2 rates have continued to fall as most owners still seek to go transatlantic, with freight levels around WS 120 for TC2. There has also been an uptick in enquiry for West Africa this week with a very small number of owners wanting to head in that direction, so once again the premium is being stretched with WS 155 on subs. Some last-minute interest for Brazil voyages pushed levels up to WS 145. It is worth noting that TC14 has seen a resurgence to WS 175, so owners might continue to want to optimise the TA basket as we go into the next week.

		BDTI	BCTI	
		1473	741	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	495.1	503.5	512.0	
Δ W-O-W	2.2	0.6	1.9	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	43,564	↓Softer
TD6	Black Sea / Med	135,000	64,060	↓Softer
TD8	Kuwait / Sing.	80,000	48,175	↓Softer
TD9	Caribs / US Gulf	70,000	97,889	↓Softer
TD14	Asia / Australia	70,000	37,372	↓Softer
TD20	WAF / Cont	130,000	57,006	↓Softer
TD22	USG / China	270,000	51,104	↑Firmer
TD25	USG / Cont	70,000	77,351	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	29,446	↓Softer
TC2	Cont / USAC	37,000	5,793	↓Softer
TC5	ME Gulf / Japan	55,000	30,288	↓Softer
TC6	Algeria / EU Med	30,000	24,980	↓Softer
TC7	Sing. / ECA	30,000	27,313	↓Softer
TC8	ME Gulf / UKC	65,000	44,763	↓Softer
TC23	ARA / UKC	30,000	15,685	↓Softer