



## Crude Tanker Comments

A very slow week for VLCCs has now come to a somewhat more promising close. The consistent chipping away of last done has now ceased as the list came more under control owing to what would be just the right amount of enquiry. We have touched on the bottom from what it seems, and the re-emergence of collective optimism is beginning to pull through. Petrobras results will be telling – they will likely have to pay up to seriously draw the owners’ attention prior to close of play. This will have to be backed up by increased volume next week or this rather lifeless VLCC market will continue! Onwards and upwards?

And whilst the BDTI has been lagging in recent weeks, on the Suezmaxes, TD20 is catching up with real world rates coming in sub-WS 110 - owners will hope rates across the Atlantic equivocal to TD20 TCEs basis WS 105 for UKC ballasters can halt the slide, give us a base and enable owners to wait for stronger US exports in the second half of the month - but USG outstanding enquiry has been sponged (primarily off-market) and the eastern ballaster bias for WAF may push TD20 TCEs below those ex-USG. A combination of bad weather and good volume means that the rot in the USG should be largely stopped at this point. The USG programme should strengthen in the second half of the month as significant turnarounds on US refineries push export levels up, unless of course contango forms and drives these barrels into onshore storage.

In the Med, the stabilised Aframax market could prop up Suezmax rates, but this leaves the AG market as the only region that can be called "buoyant". This too is undermined though, predominantly by weaker adjacent VLCC & AFRA markets. The TCEs on offer for modern units should at least slow, if not stop, the wave of vessels moving towards the Cape of Good Hope for the third decade of February WAFR party.

In fact, Med Afras have done a full U-turn this week. The front end of the list looks short with challenging players, and cargoes keep rolling and face high offers. Further scope remains with owners in the driving seat, and TCEs are now above USD 50,000 per day basis TD19 at WS 183 levels. The only caveat is the relatively soft Suezmax market with limited enquiry, which could cap Afras’ overall upside potential.

Meanwhile, in the North Sea, days remain slow amid limited action. Rates have settled at WS 180 and, while TCEs remain good, around USD 70,000/day, it looks like a test is due as we go towards a new week. North Sea standout candidates do exist now for February dates with relets once again in healthy supply, and overall it feels like there are a few useful options to test the market with, the only caveat being CPP markets literally flying and the Med now once again on a firming foot.

## Product Tanker Comments

It is not that easy to put into words the rollercoaster LR2s in the AG have been on. In terms of what we know historically; the first half of 2020 and some periods of 2022 had a smattering of deals for AG/UKC LR2 in the USD 7 Mn levels but nothing more. We now see firm a vessel on subs at USD 8 Mn for Sikka/UKC via the Cape of Good Hope and there are rumours that USD 8.6 Mn might have been agreed from the AG over the last 24 hours. TC1 has been agreed on subs now at WS 350, which equates to USD 6.35 Mn in lump sum. USD 5 Mn has been agreed today for Yanbu/West from an Italy ballaster. Even with the Bab el-Mandeb scenario only increasing in its level of danger, the good old fundamentals also support this market; a stream of cargoes and a list that is not only very thin, but also will struggle to properly replenish with not only AG/West Via Cape saying ‘bon voyage’ for many days to a bunch of ships, but also the same from the Mediterranean loaders too; that segment is tying up ships for an additional 15-20 days as ships skid left under the Horn of Africa both ways. This can only be described as another tightening factor that will play out over a long period of time.

The LR1s have been ripping ahead too with a very tight list as this segment looks to catch up with the LR2s as best they can! USD 7.25 Mn has been agreed today for a Duqm/UKC cargo, which is USD 250K move up from what was agreed yesterday out of WCI. TC5 is on subs again at WS 350 but the rumour mill is suggesting WS 385 might also be out there as an agreed number as well. Earnings are somewhere between USD 80-100K/day, with demurrage being agreed at USD 100K/day. The list is super tight, so we expect owners to come back in bouncy form on Monday.

Spicy markets also on the MRs, with TC17 up by 110 WS points on the week to WS 420 last done. TC12 firmed from WS 290 to WS 330 basis Japan which, while 40 WS points is usually something to write home about, seems muted this week in comparison. This is due to charterers quoting stems out to mid-February, with a decent number of ships in the window able to cover those dates.

This week marks a significant cause for celebration among owners in the North Asian MR market where freight rates surged to unprecedented levels and resulted in TCEs exceeding the USD 50K level. Transpacific stems have garnered increased attention and was last tested at a remarkable rate of USD 3.075 Mn for USWC and an additional USD 1.8 Mn differential for Chile. Backhaul runs, such as a Zhoushan/Singapore, are following an upward trajectory to get on subjects at an impressive USD 1.45 Mn. While there is growing presence of USWC and Australia ballasters heading back towards to the region, which has the potential to exert negative influence onto freight rates, the majority of these vessels are already on subjects, which effectively mitigates the associated risk.

Volatile conditions for the UKC MRs this week, the cargo enquiry and lack of tonnage shifted rates up to over WS 300+ with much hype and sentiment it could go further but the reality was that WS 295 was the high. By mid-week it was a different story with ships gaining orders and the arrival of some of the first ballasters, ending with TC2 now trading WS 225-230 . More ships have committed to ballast to Europe while the US market remains slow.

		BDTI	BCTI
		1347	1358
Δ W-O-W		↓Softer	↑Firmer
<b>BDA</b>			
	(USD/LDT)	TKR/LRG	TKR/MED TKR/SML
This week		499.1	507.1 514.3
Δ W-O-W		3.3	3.1 1.5
<b>BALTIC TCE DIRTY</b>			
	Route	Qnt	\$ / Day W-O-W
TD3C	ME Gulf / China	270,000	33,519 ↓Softer
TD6	Black Sea / Med	135,000	55,252 ↓Softer
TD8	Kuwait / Sing.	80,000	42,897 ↓Softer
TD9	Caribs / US Gulf	70,000	71,230 ↓Softer
TD14	Asia / Australia	70,000	37,010 ↓Softer
TD20	WAF / Cont	130,000	41,978 ↓Softer
TD22	USG / China	270,000	43,715 ↓Softer
TD25	USG / Cont	70,000	50,493 ↓Softer
<b>BALTIC TCE CLEAN</b>			
	Route	Qnt	\$ / Day W-O-W
TC1	ME Gulf / Japan	75,000	100,894 ↑Firmer
TC2	Cont / USAC	37,000	28,687 ↓Softer
TC5	ME Gulf / Japan	55,000	75,925 ↑Firmer
TC6	Algeria / EU Med	30,000	55,314 ↑Firmer
TC7	Sing. / ECA	30,000	40,372 ↓Softer
TC8	ME Gulf / UKC	65,000	102,274 ↑Firmer
TC23	ARA / UKC	30,000	67,290 ↑Firmer