AFFINITY TANKER WEEKLY

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Crude Tanker Comments

Week five closes out on a quieter note for VLCCs, as a good amount of action and under-the-radar fixing cleared out a significant chunk of Eastern tonnage. There is a shared view that rates have bottomed across all regions and we go into next week with much potential upside. Charterers left with early AG dates will likely struggle to keep a lid on rates due to the limited options from which to choose. We began the week with 30 non-compromised marketed vessels available prior 3rd decade February in the AG and end on 15, some of which have sub-optimal itineraries. Naturally, the fixing window will shift to the 3rd decade when supply should start to replenish. Owners will be hoping for sustained cargo enquiry next week, conscious that charterers may need to cover before Chinese New Year. WAF has been particularly busy this week with six fixtures recorded and likely a couple more done quietly as dates move into March. The Americas complex has been relatively subdued but fairly balanced with supply meeting cargo volume, leading to no substantial rate changes as laycans also move toward March. The tonnage outlook in the Atlantic has been less affected this week with a good flow of ships opening on the continent, so we would expect gains to come from East of Suez fixtures and perhaps spread from there.

The quiet period took its toll on TD20 this week, with last done now WS 105. Over the course of the weekend, we forecast a potential influx of FOC availabilities off Gibraltar and UKC positions, which threatens to saturate the Atlantic further. Considering the lack of allure from a USG market that's already well stocked with local availabilities, the fundamentals indicate that we could see rates drop further in the Atlantic next week. The main highlight East of Suez this week is TD23 via Cape rates dropping drastically yesterday which could set the benchmark for future cargoes as Basrah-suitable vessels willing to transit the Red Sea remain few and far between. However, there is scope for this number to trickle down further next week as we have as many as 10 Suezmaxes advertised up to the end of the second decade, six of which are currently FOC, and four more are expected to set sail over the weekend.

Aframaxes in the Med started the week with a fairly balanced list, presenting some standout candidates. But, with natural dates shifting to the end of the first decade/beginning of the second and Suezmaxes hovering in the background, the upside for freight remained limited with levels remining around last done. Only from Wednesday X-Med freight started to test dramatically with sub WS 200 levels paid, while CPC levels still held well. As the week is coming to an end, the list of standout candidates is relatively thin, after being whittled down considerably in the past few days. Meanwhile, rates remain subdued, with X-Med last done now at WS 192.5, corresponding to TCEs of around USD 50K/55K per day for non-ECO and ECO ships, respectively. However, sentiment going forward remains subdued with Libya and Ceyhan dates now covered until the second half of February, meaning that there is some more scope for rates to be tested.

Slow days continue in the North Sea, with the same tonnage rolling over and relets continuing to populate the list. Meanwhile, rates have started to test down and now are at WS 170 levels. The few ballasters we have seen this week weren't enough to stop the slide in freight, and only a fresh injection of enquiry might stop the rot that has been setting in. Owners' morale remains weak with such limited enquiry and, as a result, we have seen a constant trickle of ballasters out, with five going to the US and three going to the Med.

Product Tanker Comments

After two weeks of massive 'generational gains', it is no surprise to see some calm over the last five days. In all the bull markets that we have seen since March 2022, we recognise this pattern where there are weeks of pause and re-gathering before the next round of cargoes comes along. This week has been one of those 'stop gaps' where we take a breath and fixing has largely been characterised by relets covering own program stems as the main theme, but of course there has been some 3rd party fixing. WS 315 was confirmed twice yesterday for TC1, which represents a WS 35-point drop on the last done. Other trade routes have not been tested so much but we recognise a USD 100K drop on WCI/UKC via Cape with USD 8.5 Mn confirmed earlier this week, but charterers are resisting paying these sums again today. The list is slim but, with demand low at this time, charterers will take a pause to see what more value can come out of rates when we return next week.

The LR1s have held very well even if demand has similarly also tailed off towards the week's close. Levels have held and, in some cases firmed, as the list of good quality tonnage is very slim. When markets are geared like this, the lack of modern tonnage that has plagued the LR1 fleet becomes very apparent. As we know, more ships were built in 2007 and 2008 than any other year since and these ships are now of course all over 15 years old. Then one considers all the tonnage that has found its way into Russian-friendly fleets in recent years, and we surmise that it's no wonder that this segment holds up so well in the quieter markets! As of now WS 370 was the last agreed for TC5 to the Far East from Sikka (a WS 20-point move up on the week) and USD 7.2 Mn was the last agreed West also from Sikka via the Cape of Good Hope. Charterers will be asking for discounts into next week as demand does seem calmer and, while there will be some owners that will be keen to get some of these 'big ticket' freights, we equally would not be surprised at all by proper resistance from some of the stronger owners; ambition in this segment remain strong.

The North Asia MR market went from strength to strength this week; Korea/Australia firmed by 25 WS points and USD 3.4 Mn is on subjects for Korea/USWC. Charterers are reaching forward to post CNY dates to make sure that they are not stuck with cargoes on the other side of the holiday period, but this is only fanning the flames of an already buoyant freight market. We can expect similar levels of positive freight ambition from owners on the other side of the weekend. In SE Asia, the Singapore market has been the beneficiary of a firming market in the North; rates for TC7 have increased to WS 335 at the end of the week, and these levels should hold into next week.

On the other hand, the UKC MR market is in freefall, with freight shedding chunks after each day. TC2 is at WS 165 at the time of writing, down by over 60 WS points from last Friday. Low enquiry levels and a lengthening list keep compounding each other in a vicious spiral that needs resolve from owners and a fresh injection of cargoes to be broken. But again, this has been the story for the past year or so and the next peak could be just around the corner... After a very quiet few days it was unavoidable for X-Med Handies to soften from previous done of WS 260 to WS 245. Owners will be attempting to hold onto these levels as we head into next week, where the hope will surely be of more volume after such a quiet week.

	BDTI	BCTI
	1295	1181
Δ W-O-W	↓Softer	↓Softer

BDA

(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

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	33,447	↓Softer
TD6	Black Sea / Med	135,000	53,625	↓Softer
TD8	Kuwait / Sing.	80,000	42,706	↓Softer
TD9	Caribs / US Gulf	70,000	49,846	↓Softer
TD14	Asia / Australia	70,000	38,308	↓Softer
TD20	WAF / Cont	130,000	39,583	↓Softer
TD22	USG / China	270,000	42,245	↓Softer
TD25	USG / Cont	70,000	43,648	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	89,676	↓Softer
TC2	Cont / USAC	37,000	16,419	↓Softer
TC5	ME Gulf / Japan	55,000	70,080	↓Softer
TC6	Algeria / EU Med	30,000	37,186	↓Softer
TC7	Sing. / ECA	30,000	43,602	↓Softer
TC8	ME Gulf / UKC	65,000	102,578	↑Firmer
TC23	ARA / UKC	30,000	34,534	↓Softer