



Crude Tanker Comments

VLCCs have experienced significant gains this week owing to a tight list on the frontend and a bullish mentality from owners. The AG has been the driving force, with ample enquiry (including replacements) off early dates giving owners impetus to drive up rates into the low-mid WS 90s. Aware of the short vessel supply, charterers rushed to cover their dates, many even before the release of the March AG stem sheet, but largely struggled to find enough offers and paid up to the limited owners willing to work. We would expect to see further firming on any laycans prior 5 March as the week's activity has eaten away at the inventory of Eastern ballasters. On Wednesday, we counted 32 modern FOC vessels in the East and eight on berth discharging (pushed and projected), cut down to 25 and four respectively on Thursday, with even more clipped off today.

Whilst the Eastern ballasters get diminished, the firming in the Atlantic has been less severe and more reactive to the AG, as charterers will naturally have more options from ships opening in the West. Atlantic cargoes have been rumoured but not a lot has been covered openly. It may seem subdued on the surface, but one could assume charterers are working diligently to cover quietly and keeping a lid on anything reaching the market.

A serious inversion of fundamentals may be in progress in the Suezmax market right now. Where lists were tight at the frontend of the week, they look to lengthen out both sides of the pond and we will investigate UKCM and USG openers set to sail by Monday FOC, including agent guidance today to get some feel for Monday's lists in advance. But the demand side might be firming up just in time to catch the market. Afras surged in the Med to crossover levels yesterday, with the market north of WS 185 for X-Med and WS 200 feasibly on the horizon. Meanwhile in WAF, VLCCs are pricing themselves out of middle decade trade at this rate with levels set to jump by 10 WS points as 30-day availability of non-compromised tonnage sits at about half its average length. After a meagre offering in the first decade, this should give owners some respite, possibly just in time! Across the pond, we have reservations over USG potential amidst tonnage builds on both sizes, with WS 195 fixed for EC Mexico/USG exemplary of the desperation starting to permeate the frontend of the Afra local player list - should they turn attention TA after a slew of ships already ballasted ex-UKC to interact, we may see the Afra floor crumble for USG/TA runs. Either way, there is plenty of food for thought!

Despite a fairly slow start to the week for the Med Afras, we saw Ceyhan levels test upwards, perhaps as an appetiser of what was to come on Tuesday, when over 10 cargoes hit the market and pushed rates into the upper range of the WS 170s, counterbalanced by easing Turkish Strait delays and weather getting slightly better. And, after a mid-week hiatus, X-Med levels started to rise once again, closing the week at WS 187.5. The list remains tricky and is largely made up of the same owners who are not reliant on X-Med business, while some outstanding enquiry is expected to keep facing resistance as charterers start to feel the pressure as the end of February looms. The North Sea started once again on a slower foot. There was some off-market action on Tuesday, and rates started to tick over at last to WS 160 levels, which is where they have held since as dates continue to look forwards, and natural options including relets are there at last done. Ships continued to explore ballast options, with five going TA this week.

Product Tanker Comments

February has traditionally been marked down as one of the poorest performing months of the calendar year in the AG/WCI markets. And this year is fitting that mould. However, we need to offer some perspective; if February is one of the poorest months this year and we see another rally; then these TCEs being afforded to the vessels are extraordinarily high for a 'poor month'. We live in strange times. But the spot perspective for the past five days has only been of a weakening view. USD 7.5 Mn was fixed at the start of the week for Kuwait/UKC via Cape and yesterday a cool USD 1 Mn has been taken off that, with USD 6.5 Mn agreed on subs. East Africa and Singapore runs also slumped down to WS 250-260 mid-week, which represents a slip from Monday's agreed price of WS 275; very different indeed from the peak of WS 425 that was fixed only three weeks back. Yanbu/West hasn't been tested as much as last week, but a natural Med ballasting vessel could make sense of cutting off USD 100K from the last agreed price with USD 4.75 Mn being concluded and fixed today. Good ships remain on the list, so this flat-to-soft perspective remains until some decent demand comes along. It's very similar on the LR1s. Westbound is still very lucrative but has also dropped by about USD 1 Mn with the last agreed price being USD 5.3 Mn from New Mangalore for the UKC via Cape. TC5 has also moved down to WS 250 (quite the shift down from WS 310 from last week) and good ships still remain in the window also with little demand to work with at the week's end. And, while we all know how quickly the LR1s can turn for good quality ships as the fleet overall is very thin in this regard, there is no sign of firming markets at this time, only a little softer would actually be the current prediction.

The Southeast Asia MR market has had a quiet week, echoing the declining sentiment in the AG market. Freight rates continued their downward trend with TC7 sliding to WS 335, marking a 5 WS-point decrease since the beginning of the week. Given the surplus of available tonnage, several owners decided to ballast north in search of employment prospects. Unless there's a substantial change in the cargo landscape, sentiment is likely to remain weak and rates are anticipated to continue softening in the upcoming week.

UKC MRs have been ramping up this week, with owners getting increasingly bullish and TC2 jumping up from WS 210 levels on Monday to WS 260 levels on Wednesday. However, in the second half of the week, things quietened down considerably with very little action. It has been an active week for MRs in the USG, with freight inching higher and the needle moving for routes over a range of options: USD 900K to the Caribs, WS 187.5 for TC14 and WS 267.5 to Brazil. For all the stealthy work done this week cherry-picking ships, it seemed as though charterers had eventually run out of road given such tightness in a prompt position list. However, cargoes quoted at the end of this week have been seven-to-eight days forward and, in this, charterers have continued to remain cool-headed and dismissive of owners' new rate ideas. While there is some consensus the USG market should start to be on an upslope to better levels in March, it seems enough feel that the improvement is premature this week.

Handies in the Med have had a mixed week in terms of activity, with a busy beginning counterbalanced by a quieter end. Despite this, rates kept climbing as the list remained tight – TC6 gained 10 WS points to WS 280 on the relatively quiet Thursday. Next week the list should be well poised for owners should a pre-IE week rush appear.

		BDTI	BCTI	
		1341	1129	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	503.8	512.3	518.0	
Δ W-O-W	0.5	0.4	0.0	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	74,778	↑Firmer
TD6	Black Sea / Med	135,000	52,758	↑Firmer
TD8	Kuwait / Sing.	80,000	43,122	↓Softer
TD9	Caribs / US Gulf	70,000	44,847	↓Softer
TD14	Asia / Australia	70,000	30,002	↓Softer
TD20	WAF / Cont	130,000	43,977	↑Firmer
TD22	USG / China	270,000	53,198	↑Firmer
TD25	USG / Cont	70,000	53,467	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	63,278	↓Softer
TC2	Cont / USAC	37,000	32,092	↑Firmer
TC5	ME Gulf / Japan	55,000	42,192	↓Softer
TC6	Algeria / EU Med	30,000	46,269	↑Firmer
TC7	Sing. / ECA	30,000	41,731	↓Softer
TC8	ME Gulf / UKC	65,000	63,683	↓Softer
TC23	ARA / UKC	30,000	47,380	↑Firmer