



Crude Tanker Comments

On the VLCCs, it was a disappointing second half to the week for owners as momentum stalled and charterers managed volume entering the market. As per recent weeks, once the MEG quietened down, there hasn't been enough in the Atlantic to spur further positivity considering tonnage availability there.

The Brazilians managed to drop levels back down (Brazil/China at WS 69) on Thursday, which was then followed in the MEG (MEG/China at WS 69), but many owners expressed they would not follow those benchmarks this side of the weekend. The overall supply/demand picture looks well balanced and, once again, we'd expect at least the first half of next week to be busier, thus the sector should remain buoyant.

Roughly 14 Aframaxes are expected to hit the 3rd decade in the USG, potentially undermining what have been strong demand fundamentals for the Suezmax market in this window. For the time being, 145xWS 100 is on subs USG / TA, which buoys sentiment and fundamentals either side of the Atlantic. With outstanding TA, eastbound and lightering requirements still in play, the list of local, workable and FOC ships nearing zero, and USAC positions for next week delaying, charterers will need to entice TA ballasters away from European & West African markets.

For TD20 to meet TCE equivalent, owners will argue anywhere between WS 110-115 needs to cover. Whilst the top end of that may ignore bunkers burned deviating and TCE days extending to make the TA ballast leg, it is fair to say that the BDTI coming in at WS 102.9 yesterday looks undervalued. Charterers will point to the 15 or so ships, which could by Monday per agents' guidance be capable of alleviating pressure, and that those ships may not be able to repeat early 3rd decade USG / TA numbers off a later window, but there is clearly a pressure build despite woefully meagre levels of WAF enquiry.

East of Suez TD23 corrected down further, and more softening may be on the horizon amidst a flotilla of 20T lifters being advertised in the fixing window, plenty of which will be FOC on Monday, and heavy relet presence. Eastbound, the Aframax floor is also looking weaker and Suezmax owners will feel the pressure, particularly given plenty of them have voiced eastbound willingness.

After a lively start to the week, enquiry in the Med for Aframaxes has slowed, capping any further hike in rates. After hitting WS 150 on Wednesday, rates have plateaued, although this is still a healthy rise of over 40 points on the week. That the front of the list is short is having little effect considering the lack of fresh enquiry, with charterers electing to sit on their stems to stem (pardon the pun) the ride.

The list of options opens up after mid-month, while the upcoming maintenance at Trieste should add further fuel to the fire. Sentiment remains steady for now.

By contrast, the North Sea market has been positively uninspired. Rates are being repeated on replacements and prompt fuel enquiry has failed to do anything to boost rates. Owners are planning to ballast their vessels either to the Med or USG, but for now, TD7 continues to hover at WS 125.

Product Tanker Comments

LR2 owners in the AG have made incremental gains over recent days but, with largely only one charterer controlling the market right now, he is happy to offer only small premiums on last done to achieve solid cover. Should he be joined by the other usual suspects, then rates could climb higher, but this could only realistically happen from Monday.

For now, TC1 is assessed at WS 150, a five-point increase from the start of the week, while westbound has crept up USD 4.575 Mn from USD 4.45 Mn.

Despite there being a lot of fixing on the LR1s this week, it has predominantly been on short-haul voyages, which has meant that freight has struggle to firm. Long-haul stems tend to be what really drive significant increases in freight so, although sentiment has improved somewhat, a lot of the vessels being fixed on these short-haul voyages will be populating the list again soon. Those charterers with the few long-haul stems can wait and bide their time, knowing that there is a real chance that discounts on longer-haul stems could happen.

Jubail/West is assessed at around USD 3.85 Mn, with WS 170 – 175 the rough estimate for a TC5 run. So, there has been little movement in rates over the past week, but the outlook is steady for Monday.

On the MRs, it has been an active week, with six more fresh cargoes compared to last week, taking the total to 27. However, the comparatively weak LR markets have acted as a cap to rates on the smaller ships, meaning that freight didn't really do much this week. TC12 is between WS 230 – 240, although TC17 crept up five points today up to WS 330, courtesy of a tight tonnage list.

The North Asian market has been trading off the overall improved sentiment in the AG, but the MR market has continued to cool as vessel supply continues to outstrip demand. A South Korea/Australia run has reportedly been put on subs at WS 357.5, which is down roughly 20 points from last done.

The South Asian MR market also remains quiet, with very few cargoes being quoted. Despite the depleted tonnage list, there are still plenty of vessels available, which has left sentiment weak. Rates continue to trade sideways, with a Muara/Australia stem reported on subjects at WS 332.5.

In Europe, with IE week now behind us, many people anticipated a strong rebound in the North; however, it has been a sluggish start to the week. Although the tonnage list has remained very tight at the front end, there has been a lack of cargo flow into the market and rates have suffered as a consequence. TC2 bottomed out before finishing the week at 37 x WS 185. This said, provided that there is a higher volume of cargo flow into the market, we have an optimistic outlook on rates for the week ahead. There is a compressed tonnage list and the Med has performed well, but more importantly, the US market is incredibly active where TC14 rates have rapidly climbed to WS 225 at the tailend of the week. WAFR & Brazil narrowed initially before settling at +20 & +25 points at the end of the week, but yet again owners prefer to head towards the US in search of favourable rates, especially given how well the US market is currently performing.

		BDTI	BCTI	
		1188	931	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	502.6	511.7	516.5	
Δ W-O-W	-0.5	-0.4	-0.6	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	48,914	↑Firmer
TD6	Black Sea / Med	135,000	37,201	↓Softer
TD8	Kuwait / Sing.	80,000	44,885	↓Softer
TD9	Caribs / US Gulf	70,000	38,260	↓Softer
TD14	Asia / Australia	70,000	35,134	↑Firmer
TD20	WAF / Cont	130,000	38,004	↓Softer
TD22	USG / China	270,000	44,881	↑Firmer
TD25	USG / Cont	70,000	48,791	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	31,565	↑Firmer
TC2	Cont / USAC	37,000	17,790	↓Softer
TC5	ME Gulf / Japan	55,000	25,056	↓Softer
TC6	Algeria / EU Med	30,000	57,705	↓Softer
TC7	Sing. / ECA	30,000	40,709	↓Softer
TC8	ME Gulf / UKC	65,000	42,282	↑Firmer
TC23	ARA / UKC	30,000	39,420	↓Softer



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