



Crude Tanker Comments

Even if MEG has had sessions where it's felt quieter prior to April dates landing, activity elsewhere has been consistent; 10+ USG deals this week have made a dent in West tonnage and cargoes such as Brazil/UKC-Med off forward dates have not been easy covers. On top of this, WAF cargoes have been present throughout and a handful of vessels covering off-market each day, so the opportunity to push has not been overlooked by owners. Considering the cargoes in the market today, it seems apparent charterers are not that keen to sit on stems, so it's feasible that both TD3C and TD15 move towards the WS 80 level now. Likewise, although we'll still see some discount for Europe open vessels versus F.East ballasters, USG has scope to head deeper into the USD 9 Mns. We do feel today's market is built on solid foundations and that this latest run-up may still have further to go.

The week is ending with a whimper but that is not to our surprise. This week always promised little in the way of momentum for the Suezmax market as demand fundamentals across the Atlantic were undermined by the impending collapse of the USG Aframax market (removing spillover opportunities) and weak crude fundamentals (refineries coming back online stateside and going into maintenance in Europe). This side of the Atlantic, much of the volume ex-WAF through March was well taken care of already, enabling charterers to be patient with April stems and allow both a list build alongside a sentiment drop in the wake of downward corrections stateside. Whilst a resurgent Aframax market gives us good options in the Med and Black Sea, our list indicates 8-10 openers in the East Med yet to cover opening prior to 25 March. These added to a build of CMed/WMed options should curtail progress and explains why Suezmaxes have undercut Aframax on Suezmax-only requirements. It also alludes to why Aframax charterers have held enquiry back, choosing only to inject Aframax-restricted cargoes through the back half of the week. East of Suez variances in eastbound rates again show the relets seem to be able to garner higher rates, whilst Basrah is now alarmingly quiet, forcing ships hunting westbound runs to re-consider their options.

On the Aframax, X-Med rates have been rising throughout the week amid sanguine activity in both Libya and Ceyhan, and are now at WS 175, about 22 WS points higher than last Friday's levels. This has meant an inevitable erosion of the list, which is now so thin that outstanding enquiry has started to have some difficulties on offers. However, there is a caveat to the remaining owners' bullishness, as Suezmaxes might spoil their party and put a cap on rates.

The North Sea had a fairly slow start to the week, but on Tuesday we saw some stems getting covered under wraps with a couple of standouts tucked away. Rates are ticking over at last done, around WS 130 levels for X-North Sea. Owners are now increasingly bullish with usual NSea players out of the picture. The list remains slim, and it will be difficult to get anything covered before the weekend. As a result, we expect the market to firm, and it is just a case of how much.

Product Tanker Comments

After a two-week hiatus, AG LR owners are firmly back in the driving seat, and they have clearly risen to the occasion with gusto and relish. Owners' sentiment has dominated the market this week, particularly on the LR2s and, while the fundamentals were in play, it was really the owners that have been the driving force on freight. The LR2s have actually been fairly well stocked this week - seven well-approved vessels over the next 10 days by Monday's count - but demand was significant, with 19 fresh cargoes quoted this week, six more than the previous week. Freight reacted accordingly, going from WS 160 on Monday morning to WS 220 at last done. This is only the tip of the iceberg though and the bid-offer spread has been tremendous, with owners' ideas on TC1 now around WS 340 levels. Westbound similarly moved up, starting in the low USD 4 Mns at the beginning of this week and is now on subjects at USD 6 Mn. Again, like eastbound, the expectation is that there is still room to firm and owners are suggesting that north of USD 7 Mn are the appropriate levels. There are still stems left to cover.

LR1s enjoyed similar firming trends this week. Unlike the LR2s, the list was incredibly tight - four ships open and well-approved over the next 15 days by Wednesday's count - and while demand was not quite at the levels of the LR2s, there was sufficient activity to keep freight buoyant and, combined with the sentiment of the larger sector, owners were equally optimistic in their ideas. While cargo flow was kept busy last week by short hauls - many upsizing from the MRs - this week we saw the long-haul runs come back into play with six more TC5s quoted than the previous week. TC5 firmed a whopping 90 WS points from WS 177.5 to WS 260 and ideas are much higher; WS 280-300 is currently being traded. Westbound has firmed to USD 5 Mn via Suez and USD 5.2 Mn via COGH; we would assess here USD 5.5 Mn as a minimum for next done via Suez. There is not a huge amount left to cover, although there remains some background bits working - all in all a very impressive week for LR owners.

The USG market has appeared very dull indeed this week with quoted volume unexpectedly slow; the result being that owners have felt pressured and rates have been slipping. There are a few theories going around as to why this is the case, such as perhaps it's the fog from 10 days ago that caused significant backlogs for loading and the impact is being felt now as some laycans push back. Or perhaps it is the lack of arb opportunities for USG products, or perhaps it is the significant number of relets on the satellite hitting the same 17-18 March window that will take out program barrels and that is masking some of the 'missing' cargo count.

Markets so very often overcorrect, both up and down, and it is likely that the USG will do so on the downswing. The USAC has proven active on Thursday with a handful of ships on subjects and, while they are not yet fixed, it may remove some potential ballast tonnage to the USG for the third decade. If that doesn't do it, then at least a handful of owners will be weighing up a ballast towards the active UKC market, where TC2 is now up to WS 230, or even Gibraltar as the Mediterranean market remains undersupplied and is showing promise with WS 290 on subs for Greece-TA.

		BDTI	BCTI	
		1197	1180	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		503.2	512.3	517.2
Δ W-O-W		0.6	0.6	0.7
BALTIC TCE DIRTY				
Route		Qnt	\$/ Day	W-O-W
TD3C	ME Gulf / China	270,000	49,737	↑Firmer
TD6	Black Sea / Med	135,000	36,734	↓Softer
TD8	Kuwait / Sing.	80,000	46,576	↑Firmer
TD9	Caribs / US Gulf	70,000	36,724	↓Softer
TD14	Asia / Australia	70,000	38,757	↑Firmer
TD20	WAF / Cont	130,000	37,763	↓Softer
TD22	USG / China	270,000	44,697	↓Softer
TD25	USG / Cont	70,000	41,692	↓Softer
BALTIC TCE CLEAN				
Route		Qnt	\$/ Day	W-O-W
TC1	ME Gulf / Japan	75,000	74,885	↑Firmer
TC2	Cont / USAC	37,000	29,172	↑Firmer
TC5	ME Gulf / Japan	55,000	52,490	↑Firmer
TC6	Algeria / EU Med	30,000	58,028	↑Firmer
TC7	Sing. / ECA	30,000	38,516	↓Softer
TC8	ME Gulf / UKC	65,000	68,415	↑Firmer
TC23	ARA / UKC	30,000	41,924	↑Firmer