



## Crude Tanker Comments

This was a week to forget for VLCC owners, as the pickup in cargo enquiry that many anticipated never really materialised, turning market fundamentals against them. After the positive gains made last week, Monday began with a raft of relets being marketed, clearly keen to capitalise on good spot returns. This took market share from the conventional players and fattened up what was already looking like a well-stocked list. Those that took decisive action on Monday/Tuesday were awarded their subs but from Wednesday charterers applied pressure on owners still in position causing a race to the bottom on what little was working firm. There was a TD3C deal rumoured at below the WS 70 mark yesterday but after WS 60 levels was breached on older tonnage for an AG/South Korea run today, charterers will argue it should sit firmly in the mid-WS 60s now for modern to China. Other regions have had similar downward corrections with TD22 dipping below USD 9 Mn and an untested TD15 likely around WS 67. There should be more to come on the cargo front, especially at these levels, as charterers with dates to cover may look to do so now. Will need to see a significant uptick in enquiry and a tonnage clear-out before owners' fortunes are reversed.

Suezmax activity in WAF rumoured bubbling under the surface, whether this materialises before the weekend is yet to be seen. WAF tonnage still on the tighter side, MED is also a little squeezed, but with USG collapsing WMED/UKC tonnage would likely be focusing on TD20 which could result in owners having a tougher time making further headway in the near future. There is little to report on the surface in the AG. With no tonnage erosion and 20T FOC supplementation expected over the weekend, a softer feel is cast over TD23.

Med Afras had a fairly slow start to the week. This was on the cards with Ceyhan dates covered far & out, and just a few Libya stems left for March dates. A rebound in activity from Tuesday onwards pushed X-Med and CPC rates up, aided also by a very short list with natural players remaining very limited. However, charterers have managed to successfully put a cap to rates' rise much to owners' dismay – X-Med is now at WS 172, about 4 WS points down from Wednesday's peak and just below last Friday's levels. As the weekend is now looming, enquiry has faded to allow some breathing room with rates settling out. However, with only 3 FOC ships available as we go into the next week, we expect a busy start to the short week as charterers cover before the Easter break.

Afras in the North Sea has a relatively quiet week, with not much cargo enquiry of which to speak. Natural candidates have been taken on Tuesday at around last done levels for local runs – freight hasn't really moved since then, hovering around the WS 187 mark. A large percentage of tonnage at the front end of the list continue to explore Med and TA ballasting options – so far we have seen 4 ships going to the Med, and another 4 going TA. As the week is coming to a close the tonnage list is becoming more accessible as the number of owners with over 2 positions is growing while numerous relets are also firming up.

## Product Tanker Comments

The LR2 market started the week well with USD 8 Mn being agreed on subs for Kuwait/West and WS 312.5 fixed for TC1. Owners' confidences remained high as there was a good amount of chopping and changing as well as a couple of very hot cargos still looking for cover within March laycans. Mid-week saw a bit of a shift in perspective where the number of publicly quoted cargoes started to thin down a bit and with a few more ships now in the 5-10 window we can realistically view the LR2s as finally showing some signs of slowing down. A lot of activity in the second half of the week came from clean up vessels and those with compromised history – understandably these ships saw the levels earned in this market, just shy of USD 100,000/day earnings and wanted a piece of the action, but this threatens the good tonnage which up until now has been extremely tight and coupled with a slowdown in enquiry, charterers can reasonably feel the pressure is off somewhat.

Similar story on the LR1s. We went into this week very strongly and some huge numbers have been subsequently paid. USD 5.95 Mn – up by nearly USD 800,000 from last week – on subjects for an AG/West and TC5 fixed at WS 310, a breakdown from an LR2 stem. Owners' ideas were lofty to say the least and given how much sentiment has been a factor in the buoyancy of this market the relative quiet did not put an immediate kibosh on these ambitions. However, the quietness remained in play for the balance of the week and long-haul fixing was replaced by more piecemeal short haul activity – usually a hallmark of a softer outlook on the LR1s. Much like the surrounding sizes, owners took the pragmatic view that better to move on a stem while levels are still so high rather than lose out and risk covering when the inevitable corrections come in. We end the week on the LR1s with owners ambitions a little muted and corrections the most likely next course.

Interesting week for the Southeast Asia MR market as we started with the aggressively firming AG market causing many owners to favour ballasting west to fix at more favourable rates. This provided a great deal of support to the South. With some owners asking upwards of WS 320 for TC7, charterers however, refused to pay up and when the hype in the AG petered out, sentiments in the south quickly began to soften as well, culminating in TC7 at WS 305 to close the week exactly where we started on. Freight rates will likely continue to soften in the week ahead as activity in the AG quiets and overall tonnage supply outstripping demand.

In Europe, Med MRs had a relatively quiet week, and after on Wednesday freight has started to give in, correcting increasingly lower to WS 240 on subjects for Med/TA. Considering the likelihood of the list lengthening in the short term, it's safe to say we haven't seen the bottom yet. This went in hand with the NWE market's continuous softening amid very limited cargo enquiry – TC2 is now at WS 205, down from WS 245 at the start for the week.

		BDTI	BCTI	
		1173	1248	
Δ W-O-W		↓Softer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	507.4	520.8	525.2	
Δ W-O-W	4.2	8.6	8.1	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	49,319	↓Softer
TD6	Black Sea / Med	135,000	36,056	↓Softer
TD8	Kuwait / Sing.	80,000	45,263	↓Softer
TD9	Caribs / US Gulf	70,000	27,303	↓Softer
TD14	Asia / Australia	70,000	39,134	↑Firmer
TD20	WAF / Cont	130,000	39,420	↑Firmer
TD22	USG / China	270,000	45,225	↑Firmer
TD25	USG / Cont	70,000	30,385	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	87,137	↑Firmer
TC2	Cont / USAC	37,000	24,278	↓Softer
TC5	ME Gulf / Japan	55,000	59,627	↑Firmer
TC6	Algeria / EU Med	30,000	64,185	↑Firmer
TC7	Sing. / ECA	30,000	39,058	↑Firmer
TC8	ME Gulf / UKC	65,000	77,325	↑Firmer
TC23	ARA / UKC	30,000	44,620	↑Firmer