AFFINITY TANKER WEEKLY

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Crude Tanker Comments

With Chinese holidays set to end this week, VLCC markets seem to be taking a bit of a breather. Activity that was concluded has seen rates ease off in all areas, but we're currently still expecting next deals to be in the mid WS 60s for TD3C and TD15 runs. Owners are remaining calm and feel that, following any quiet spell, there will be a busier one, plus in recent times the bottom of around WS 60/low WS 60s has been well enforced. Rising oil and bunker prices may also galvanise owners to resist further drops in freight rates, doing their best to prevent a hit to both pockets.

A busy States market is the main highlight at the end of the week for Suezmaxes. Afras raised the floor to the equivalent of 145 x WS 92 levels for a tight Suezmax market. Despite the expected healthy FOC supplementation of Gibraltar and UKC vessels over the Easter weekend, the USG has rekindled its magnetism for Suezmax owners from these positions as TCE equilibrium draws even closer between USG/TA and TD20. This ultimately sees TD20 ending the week on a steadier note as a result.

There has been more cloak and dagger in the AG as a couple of 20T lifters are scratched off the list privately - out of the six Basrah-suitable vessels within the 23 April fixing window, three are FOC. However, charterers can expect to remain in the driving seat as two more vessels are expected to have sailed over the course of the weekend, which should be enough to satiate the volume-shy TD23.

Aframaxes in the Med had a busy week, with over 10 cargoes getting worked on Tuesday alone. However, rates have firmed only slightly to WS 167 for X-Med after repeating around WS 165 for the majority of the week. The list is now short with only four FOC ships at the time of writing and three more expected to open during the weekend. Meanwhile, owners' morale remains strong also thanks to a firm US market.

In the North Sea, a sluggish start to the week saw a marginal erosion of freight rates, with X-North Sea softening to WS 135. Despite a short burst of activity on Thursday, sentiment remained poor throughout the week and repeating basement rates has been possible. And, while the list has slimmed out considerably, with the US firming again and the Med turning a corner, ballasting out remains a far superior opportunity for owners.

Product Tanker Comments

It has been a disappointing week for the LR2s and the pre-Eid rush of cargoes hasn't been forthcoming. TC1 has dropped significantly, with WS 190 on subs; last week, WS 250 was being agreed. Westbound is still waiting to be untested, with last done being USD 6.30 Mn. This will face severe pressure going forward, with BITR printing 5.68 Mn. East Africa also hasn't been immune, with WS 200 on subs, a 50-point drop. The most concerning aspect, however, has been the lack of general enquiry in the lead up to Eid. With holidays throughout the Middle East next week, a disrupted week is likely, and freight could see further examination.

The LR1s have fared better than the LR2s, with an undercurrent of activity, predominately short-haul. The Red Sea has been particularly active and X-Red Sea is fixing around USD 1.1 Mn levels. TC5 has gone on subs at Platts rates; BITR last printed WS 235, but there has been little enquiry. The same applies for westbound runs, for which there has been little visible enquiry. Last done westbound is USD 4.7 Mn ex-WCI. Short-hauls are fixing around USD 800,000 for both WCI/AG and X-AG. The list does show pockets of tightness though, so the LR1s are better positioned to take advantage when enquiry picks up.

In the Southeast Asia MR market, there seems to be a state of paralysis with little movement or action observed. Tonnages are accumulating and the Eld holidays in the AG next week are not instilling positive optimism among owners. Support has been shaky, potentially leading to a negative correction in freight rates as owners become increasingly desperate to secure cover.

UKC MRs finished the week on a busy note. The tonnage list had the opportunity to replenish following the Easter holidays providing slightly more optionality at the front end for charterers to keep rates at bay. TC2 rates have been steady and round off the week at WS 200, whereas WAF and Brazil premiums have experienced quite substantial fluctuations, but should likely settle to +25-30 WS points.

After the initial drop in freight on Monday/Tuesday, which was followed by positive activity levels through Tuesday COB, MR owners in the USG felt emboldened to hold back to try and claw back lost ground. As a result, they started to receive offers for TC14 at WS 220-225, well above the recently done WS 200-205 levels. Partly this confidence was also because the cargo count for the week is so far substantially below recent averages and very few deals have been recorded for 8-10 April, which ought to fix this side of the weekend. Charterers ultimately didn't bite on owners' offers and, as a result, WS 205 was back on subs for TC14 off 8-10 April and even a prompt replacement cargo achieved this level. As such, it feels as though the wind has been taken out of owners' sails as we look toward the weekend.

It was a quiet but stable week in the Handy market with very low levels of cargo enquiry against a fairly balanced tonnage list in the next 7-10 day window. Cross-UKC rates have been pinned at WS 217.5 all week, whereas we have seen a significant softening in the Med, where rates have dropped to WS 245 for TC6, marking a 70–80-point tumble from the previous week. Looking ahead, it will be interesting to see if owners start to favour the Cont over the Med should the latter continue to soften further.

	BDTI	BCTI
	1127	982
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	511.0	522.3	527.5
Δ W-O-W	2.9	2.1	2.6

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	41,729	↑Firmer
TD6	Black Sea / Med	135,000	37,178	↓Softer
TD8	Kuwait / Sing.	80,000	41,825	↓Softer
TD9	Caribs / US Gulf	70,000	23,923	↑Firmer
TD14	Asia / Australia	70,000	36,327	↓Softer
TD20	WAF / Cont	130,000	39,012	↓Softer
TD22	USG / China	270,000	40,328	↓Softer
TD25	USG / Cont	70,000	39,008	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	45,896	↓Softer
TC2	Cont / USAC	37,000	22,253	↑Firmer
TC5	ME Gulf / Japan	55,000	39,653	↓Softer
TC6	Algeria / EU Med	30,000	39,195	↓Softer
TC7	Sing. / ECA	30,000	35,180	↓Softer
TC8	ME Gulf / UKC	65,000	54,752	↓Softer
TC23	ARA / UKC	30,000	32,374	↓Softer