



Crude Tanker Comments

A week which has seen the Atlantic frontier take centre stage after Aframax and Suezmax spikes surely left charterers on the hunt for better USD/T value. We count around 13 cargoes covered ex-USG since this time last week (further enquiry remains today), whilst WAF isn't far behind and may hit a double-digit fixture count, both notable sums over a five-day stretch. The Atlantic list has had its tummy-tuck and rates rebounded from a bottom and USD 8.4 Mn basis TD22, and we feel last levels of USD 8.65 Mn may also be left behind. Similarly, we expect TD3C and TD15 to be on the rebound and head back towards mid WS 60s on both, as Far East ballasters will feel they have options from all areas despite a quieter feeling all week ex-MEG.

Suezmax rates managed to climb further to WS 132.5 levels on an Angola/Spain run this week. We're now left with arguably zero FOC vessels and only +three by way of FOC supplementation over the weekend. Owners will be keen to push rates on; however, they might struggle as enquiry prospectively dissipates due to VLCC interference.

The USG tells a similar story – a very tight tonnage list but volume is in question as the larger ladies had three-five cargoes working on VLCC ex-USG yesterday.

In the AG, Basrah-suitable vessels have quietly been eroded from the list while the Atlantic had its time in the limelight this week. Considering stem releases are on the horizon and we've already seen 20T lifters East of Suez succumb to the allure of WAF, TD23 (c/c) is looking more sensitive as we end the week.

It had been a busy start to the week for Aframax, with rates in the Med increasing dramatically by over 30 WS points by mid-week, up from the WS 170 seen last Friday. Safe itineraries off the front of the list remain light, as do X-Med-only ships. However, a slower Thursday, with only a handful of cargoes worked, provided a slight breather for all. Rates have settled in the low WS 200s and most now have covered forwards. Meanwhile, the US continued to provide potential for ballasters – two ships went TA this week. And port maintenance in FOS/Trieste further contributed to owners' strong morale. There is a chance that charterers will let some steam out of the market before restarting next week.

By contrast, it has been a quiet week for vanilla TD7 runs, with X-North Sea candidates still on the list. Rates continued to float around last done levels with local players/shuttles at the forefront. While the Med and the US remained firm and with far higher TCEs, it was just a matter of time before the North Sea started to follow suit, doing so towards the end of the week, albeit at a mediocre pace, ending the week at WS 141 levels, up from WS 132 last Friday. With the weekend now looming, the list remains with limited natural options, while those able to ballast seem to be keen to go through with it – eight ships already left the North Sea this week.

Product Tanker Comments

We started the week with a lacklustre feel on the LR2s, with supply of good ships outstripping the historical average and, with Eid celebrations underway, we were under the impression that cargo demand would be low. Freight did indeed slump, with USD 4.9 Mn agreed a few times for AG/UKC and TC1 at WS 160-162.5. However, already by Tuesday a more than expected level of cargo count entered the market and we got the sense that a floor had already been found. What is more, the fundamentals of the final cargo count of the week show that, rather than the initially predicted desolate landscape that Eid week generally suggests, activity levels were significant, with 29 fresh stems in comparison to the minute eight we saw the week before. USD 5.5 Mn for Sikka/UKC has been agreed on Friday in what is effectively a jump by USD 600,000, and owners are now sitting back with the expectation that next week should bring further fortune.

The overall view of the week on the LR1s is quite steady, despite some significant corrections, including WCI/West down to USD 4.05 Mn - quite the slip from USD 4.7 Mn agreed last week. The list, as is generally the case on the LR1s, was fairly well poised and, while cargo demand was evidently not there, with charterers preferring the USD/T earning upside on the LR2s, the sentiment of the LR1 owners was more robust than their larger counterparts. Short-haul demand was the real player this week, a hallmark of a less active market and again some corrections were seen with Fuj/Kaz fixed at USD 550,000. Next week, increased confidence on the LR2s and the slim tonnage list should all be an advantage for the LR1s, so we would have expectation that this sector is likely to firm a little too.

It was a slow week for the Southeast Asia MR market, with very little activity reported. There was no support from the adjacent Middle East market, which saw some hefty drops in freight levels during the Eid Holidays. This ultimately led to corrections in freight rates, with TC7 down to around WS 285. There is some hope that the AG market may finally be bottoming out, which may lend some support; however, it will take quite a shift to move sentiment and the outlook remains rather soft for the week ahead.

It was a slow week for the UKC MRs, with minimal cargo enquiry putting pressure on rates, and TC2 balancing out at WS 185. More volume is needed to help cover the outstanding tonnage for rates to improve. WAF and Brazil premiums have contracted to 25 WS points on top of TC2 each after several days of spread and volatility. The US market has declined in the last two weeks but remains robust - TC14 is at WS 195 - and owners continue to send ships towards the US over WAF. There has been a notable absence of ballasters from WAF and the US this week, which should help support rates going forward and hopefully aid a recovery.

		BDTI	BCTI	
		1202	879	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
	(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week		514.2	525.0	529.4
Δ W-O-W		3.2	2.8	1.9
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	39,151	↓Softer
TD6	Black Sea / Med	135,000	47,779	↑Firmer
TD8	Kuwait / Sing.	80,000	40,043	↓Softer
TD9	Caribs / US Gulf	70,000	57,174	↑Firmer
TD14	Asia / Australia	70,000	33,150	↓Softer
TD20	WAF / Cont	130,000	51,596	↑Firmer
TD22	USG / China	270,000	41,783	↑Firmer
TD25	USG / Cont	70,000	55,159	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	36,479	↓Softer
TC2	Cont / USAC	37,000	19,547	↓Softer
TC5	ME Gulf / Japan	55,000	30,027	↓Softer
TC6	Algeria / EU Med	30,000	22,366	↓Softer
TC7	Sing. / ECA	30,000	33,569	↓Softer
TC8	ME Gulf / UKC	65,000	43,684	↓Softer
TC23	ARA / UKC	30,000	33,911	↑Firmer