AFFINITY TANKER WEEKLY

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Crude Tanker Comments

Continued MEG activity on the Vs through the second half of this week has seen rates rebound a little there and we're back in the WS 60s on TD3C with WS 61 last reported. The list of ballasters is tight for earlier dates and there is also a split of owners/vessels who feel they may find a more fruitful bounty in the Atlantic. Differentials / views on long versus short mean that any Brazil/East would likely beat TD3C numbers, whilst TD15 should continue at a small premium, and we don't expect this to change. USG activity has been consistent for all types of runs and rates are fairly stable whilst tonnage options aren't flush as charterers look to close out May dates. A little resurgence on Afras/Suez is also worth taking note of and, as we move into next week, foundations for the Vss at current levels seem sturdy.

Suezmax tonnage lists have been tightening all week as charterers overplayed their hand in WAF - whilst a couple of owners were caught off guard, TD20 stabilised and turned around, but rates could have lifted far more aggressively had fewer cargoes been covered behind closed doors and had the neighbouring USG and Med markets actually shown signs of life. Muted demand dynamics Stateside don't appear to be going anywhere with VLCCs devouring barrels all through May but a tight Afra list with very few TA players therefore resulted in only stopping the rot and giving us a US / TA base despite similarly tight supply side fundamentals on Suezmaxes. Naturally, both sides of the Atlantic will be eager to calculate what is left over after VLCC activity. East of Suez, local and eastbound enquiry was active this week, thinning what had previously been a long list of East-willing tonnage. Owners will be hoping to push rates on next week if we were to see sufficient enquiry on AG/East runs. Whereas in the other direction, we're still left with various Basrah-suitable within the fixing window which dampens sentiment on Westbound runs and owners ex-East will be eyeing up the ballast to WAF if volume remains stifled.

The Aframax list in the Med has refreshed after the weekend, with about seven owners with over two ships to cover for the week, the majority being Black Sea players. After a relatively active couple of days, market quotes on Wednesday stirred the pot a bit, but rates on the benchmark routes remained sideways, especially as outstanding enquiry remained limited as we went deeper into the second half. Still, short voyages continued to face resistance - CPC was repeated at WS 192.5 – while dates have started to move on. As the week has come to an end, the market remains slow, but owners have dug in on smaller flat/trickier cargoes and they are earning some premiums. The tonnage list is shortening up quietly on usual X-Med ships so charterers will be watching closely as the next batch of cargoes hit the market.

This week, the North Sea market remained very quiet on the surface, with usual X-North Sea players being taken at last done quietly in the low WS 140 levels. The USG requires monitoring for ballasters – we have seen around three this week. Overall, the North Sea remains rather insipid.

Product Tanker Comments

It was very quiet on the LR2s up to Thursday afternoon this week. A handful of cargoes were quoted early in the week (mainly westbound) and then very little happened after that. It took four days of a Mexican standoff for owners to relax their ideas and it ended up with… last done levels! Such is the strength of this owners' market overall that four days are needed to calm down very strong aspirations. USD 6.3 Mn for Jubail or Kuwait/West was agreed a few times and, when naphtha was finally tested, rates have been kept private but we would assume that this much more popular route would have relaxed a little to around WS 200 for TC1 with Singapore options also being agreed at a little more than last week's number of WS 200-210. The list is thinner now, with a lot of ships on subs but equally the charterers still have a good amount of vessels to work with come Monday, especially as the Far East has not been all that active, so some ballasters from there are due to return to Arabian Gulf and WCI loading areas.

The week started slow on the LR1s, but the gentle undercurrent of short-haul fixing has led to a thinner perspective on the list for both AG and Red Sea loadings. While the long-haul trade has not been tested nearly as much, we did see westbound agreed yesterday at USD 100K more than last week, illustrating this progress overall. Cross-Arabian Gulf has lifted with USD 1.05 Mn on subs for a UAE/Kaz run, which represents a healthy move up when we consider the same last week was fixing in the region of USD 800-850K. Naphtha exports have also been as low in number as the LR2s, with WS 240 confirmed fixed on Monday; we would expect the same again or perhaps a little more when next week comes along.

This was a strong week for the North Asia MR market, with the steady influx of fresh cargoes entering the market throughout the week. Freight rates inched upwards through the week as charterers sought to cover cargoes with the depleting availability of tonnage culminating in a Korea/Vietnam replacement job being done at USD 890K. Strong demand, especially for the Korea/Australia runs, saw rates climbing roughly 15 WS points this week with a voyage on subjects at WS 300. With most outstanding stems now covered and public holidays for most countries in the Far East next week, the outlook will depend heavily on if demand can continue to sustain this momentum. As it stands, sentiment remains firm, and we should see rates continue to climb.

The Southeast Asia MR market remained resilient through the week despite the lacklustre demand and activity being reported. While tonnage remained healthy for natural fixing windows, owners held firm, bolstered by the strong support from the adjacent North and AG markets. The outlook depends heavily on how long sentiment can be sustained in the adjacent markets, but owners remain confident and we should see freight rates continue to climb.

There were pockets of activity on the UKC MRs, but still an overall lack of volume against a sufficient tonnage list. TC2 concludes the week at WS 165-170, with premiums for WAF and Brazil fluctuating but likely settling around +20 WS points. The US market has seen a considerable downturn, reaching levels not seen in quite some time, with TC14 softening to WS 140 by week's end. This weakening trend in the US market may push some owners to send more ships to Europe - both options look equally as bleak at the moment. However, it is also true that the States can turn around very quickly at times, providing a faint beacon of hope for some.

	BDTI	BCTI
	1112	939
Δ W-O-W	↓Softer	↓Softer

BDA

(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	519.7	528.9	535.4
Δ W-O-W	1.9	2.4	2.5

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	37,514	↑Firmer
TD6	Black Sea / Med	135,000	42,270	↓Softer
TD8	Kuwait / Sing.	80,000	39,943	↑Firmer
TD9	Caribs / US Gulf	70,000	32,169	↓Softer
TD14	Asia / Australia	70,000	33,026	↓Softer
TD20	WAF / Cont	130,000	41,383	↑Firmer
TD22	USG / China	270,000	41,709	↑Firmer
TD25	USG / Cont	70,000	43,905	↑Firmer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	50,541	↓Softer
TC2	Cont / USAC	37,000	16,538	↓Softer
TC5	ME Gulf / Japan	55,000	41,449	↑Firmer
TC6	Algeria / EU Med	30,000	36,271	↓Softer
TC7	Sing. / ECA	30,000	34,734	↑Firmer
TC8	ME Gulf / UKC	65,000	59,298	↑Firmer
TC23	ARA / UKC	30,000	25,471	↓Softer