



Crude Tanker Comments

VLCC owners will be happy looking at the state of the market as the week draws to a close, despite a couple of failures in the MEG. Steady progress always seems to provide a much sturdier foundation for owners to build upon. Improvements in MEG rates were underpinned by some decent volume showing in the USG for the first time in a while.

There are only four West open ships and ballasters committed to the Cape. The Atlantic lists, despite the amount of ballasters looking healthy, have a tight feel as there are very few obvious choices due to owners wanting to keep the door open for both East and West of Suez for now. Holidays are underway, which will shake things up a bit, but to what extent may depend on how many ships we see cleared off the list when we return from the long weekend - information flow will be crucial to keeping this market rolling for owners.

On the Suezmaxes, in the Atlantic Stateside, tonnage is extremely tight and safe options are dwindling as we end the week - owners are very much in the driving seat, so we expect rates to push on should we see the enquiry on USG/TA runs. Across the pond, the WAF list has been also getting progressively thinner and, with the prospect of the influx of third decade volume looming, TD20 is beginning to tilt in owners' favour. East of Suez, the MEG finished the week on a busier note, but all volume is predominantly short-haul AG/India runs. We're still left with 10 ships populating the list within the current fixing window, almost all of which are expected to have sailed over the course of the long weekend - TD23 c/c remains flat/soft as a result, and we could see ballasters ex-East committed to WAF on Tuesday.

This week has very much been with charterers in the Aframax market. CPC, although busy, has been in a gradual decline. X-Med has been desperately quiet, thus leading to declines in freight - X-Med has lost over 17 WS points since last Friday and is in the WS 168 area at the time of writing. There is limited outstanding enquiry as we enter the long weekend but, that being said, the early side of the list is fairly short for regular X-Med candidates, with many of the standouts fixed away quietly.

It has been a busy week in the North Sea, with charterers covering forward prior to the Bank Holiday in the UK. For now, rates still hover at last done in the low WS 140s levels. Ships that have missed their dates look more likely to ballast TA than stay around locally - we have seen three so far this week, but it is fair to assume that a few more will start heading before the end of the week.

Product Tanker Comments

The LR2 market has 'pottered along' this week, with just about enough demand to hold freight largely steady, but at the end, there has been some softening on westbound with a USD 250,000 slip on the week being achieved with USD 6.05 Mn being agreed (although this vessel has Russian history). Eastbound numbers have held steady at WS 205 for basis TC1, which is an interesting scenario, as usually the naphtha stems are the first to suffer as, typically, they have been the more desired runs. West loading markets, while poor this week, do have some more promise longer term in the form of the Dangote refinery that is getting more and more throughput as 2024 unfolds, so some might well start to not view the West markets as quite the 'barren, featureless, wasteland' when viewed in comparison to the East. When we look at the other side of the globe, we note that several vessels are ballasting from the Far East after a particularly lacklustre spell of Asian loadings. To counter this, the top of the Fujairah position list is thinner as some fleets that have been overexposed have managed to clear out quite a few ships out over the last two weeks. Overall, this market feels balanced but perhaps with a lukewarm undercurrent as we head into next week.

The LR1 market has again largely been beholden to the local markets, but this has at least led to a thin tonnage perspective for the end of the week, with Pakistan, Kaz, X-UAE and Saudi movements tying up several quality ships. All these short hauls runs do see ships recycled quickly, but uncertain discharge itineraries also create tightness in itself. Long-haul rates suffered at little, with a couple of weaker owners agreeing WS 225 for TC5, but some of the strong owners would not be entertaining these levels in the short term. Pakistan deliveries ex-AG are around USD 1.1-1.2 Mn levels and X-AG deals being agreed today are at USD 800,000, which is a healthy way to earn monies, if perhaps not the original plan when vessels initially departed on their long ballasts from, for example, West Africa. Westbound rates have been very untested, but we should hold these ideas around USD 4.8-4.9 Mn from most fixing owners, who may be cautiously optimistic for next week.

It seems that Southeast Asia MRs experienced a relatively quieter week, with minimal activity in the market. Owners are growing impatient, perceiving that earnings are still not as competitive as in neighbouring markets as we witnessed an increase in vessels ballasting away. Charterers had few other options but to offer premiums to entice owners and dissuade vessels from ballasting away. This has led to a marginal firming of 10 points in a Singapore/Australia run being traded at WS 300. The list remains balanced, despite the majority being filled with vessels with uncertain itineraries, as we foresee a stable market with some potential to firm next week.

It has been another slow and steady week for the MRs; cargo volume has once again been minimal, but the tonnage list has gradually taken some shape. With some ships lacking firm schedules, there are limited options and TC2 has managed to marginally improve to WS 180 levels. West Africa and Brazil options are settling around plus 20 WS points on top and both discharge options have been on the whole quiet. The US market is looking slightly more promising, with rates edging up to around 38 x WS 150 for backhauls runs, which could mean more USAC ballasters head towards the USG now.

		BDTI	BCTI	
		1122	931	
Δ W-O-W		↑Firmer	↓Softer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	520.1	529.8	535.4	
Δ W-O-W	0.4	0.9	0.0	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	44,471	↑Firmer
TD6	Black Sea / Med	135,000	40,048	↓Softer
TD8	Kuwait / Sing.	80,000	43,068	↑Firmer
TD9	Caribs / US Gulf	70,000	35,930	↑Firmer
TD14	Asia / Australia	70,000	35,425	↑Firmer
TD20	WAF / Cont	130,000	37,679	↓Softer
TD22	USG / China	270,000	46,564	↑Firmer
TD25	USG / Cont	70,000	48,483	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	49,806	↓Softer
TC2	Cont / USAC	37,000	19,836	↑Firmer
TC5	ME Gulf / Japan	55,000	37,940	↓Softer
TC6	Algeria / EU Med	30,000	37,992	↑Firmer
TC7	Sing. / ECA	30,000	36,421	↑Firmer
TC8	ME Gulf / UKC	65,000	59,463	↑Firmer
TC23	ARA / UKC	30,000	27,472	↑Firmer