



Crude Tanker Comments

We close out what owners would deem a very positive week with the VLCC sector on firm footing. The shorter work week provided plenty of action, even if most of it was under the radar, and fundamentals are decisively in owners' favour for now. It will be crucial to see if subs are lifted on some of the headline figures with some fix/fails already being reported. But, at the time of writing, there doesn't seem too much cause for concern.

AG charterers are rounding off their 3rd decade cargoes with some already asking questions ahead of next week's release of June stems. Charterers may look to forward fix in an attempt to level off rates, but with only nine ships on berth discharging in the East, they're likely to meet some resistance.

The Atlantic tonnage supply remains very limited and, with a busy USG underpinning the gains made in other regions plus several outstanding cargoes, one would anticipate a sustained upward pressure on rates. We should now see more Eastern ballasters head west, which should somewhat address the imbalance of previous weeks as owners may now be keen to lock in longer voyages. Overall, owners should be optimistic heading into next week but will be hoping the enquiry remains strong.

It's been a very quiet week for Suezmaxes in the USG and, following a couple of failures, tonnage is on the healthier side with six vessels expected to have sailed by Monday, dampening owners' sentiment which ends the week on a softer note. Across the pond, after the last cargo ex-WAF covered on an Aframax, there's hints that just the dregs of May are left for TD20. While the US demand dynamic remains weak and there is a notable delta in TCEs between USG / TA runs and TD20, charterers will be confident waiting for the tonnage off Gibraltar and UKC positions to supplement and itineraries to firm over the weekend, returning to a notably friendlier market on Monday.

East of Suez, muted Westbound activity has allowed itineraries to firm - the list is populated with as many as 12 Basrah-suitable vessels advertised up to 28 May, almost all of which are now FOC. With TD20 poised to trickle off, the prospect of ballasting to WAF for owners ex-East might become less palatable, meaning there's plenty of wood to chop for TD23 c/c, keeping westbound rates under pressure. In the other direction, vessels with dry dock requirements are dotted within the list, providing charterers with options to keep Eastbound rates at bay despite the decent footing provided by a solid Afra floor.

Aframaxes in the Med continue to hover at WS 165 levels, almost unchanged from last Friday's levels. Nothing was worth the fact that the list is thin because at the moment, even with limited offers, owners have been showing last done numbers. However, with no owner holding two or more positions to work, it is worth keeping an eye on forward dates.

A bit of a mixed bag in the North Sea in term of cargoes, with some activity in the first half, but things setting down in the tail end. We have seen five ships ballasting TA for the week and yet, despite this, the market remains stubbornly flat at WS 144 levels, with logical options still present for what is outstanding in the natural window.

Product Tanker Comments

There has been enough LR2 activity this week to keep ambitions well stoked from the owners' side. The list is a lot slimmer, so owners are gearing up their freight ideas and we have seen some examples of clear success. After the recent slump in the Red Sea on exports where we saw rates slip to USD 3 Mn for Yanbu/UKC, there was an initial incremental lift of USD 100,000 to 3.1 Mn, followed yesterday by a hike to USD 4.25 Mn agreed for a prompt Gizan-loading cargo. Tightness into the Red Sea is weak for the natural fixing window but in this market, we struggle to see owners settling for anything less. In the AG, there has largely been success. TC1 lifted well on one deal by an increase of 22.5 WS points with WS 227.5 being agreed and, while there are not many cargoes left open now, the landscape is well set for similar numbers agreed next. Westbound cargoes have been tested and a prompt number was agreed at USD 6.5 Mn for Jubail/West, which represented a USD 300,000 lift on last done. While it was failed this morning, it still may serve as a bit of a precedent for this market moving forward. To summarise, this market is gently bubbling away with good enough levels of demand and a position list that is in short supply of good ships.

LR1s have been very busy, albeit mainly short haul, but there has been more than enough to keep the market buoyant. Owners are earning well; cross-Arabian Gulf markets have been lifted by USD 100,000 to USD 900,000 for Jubail/Jebel and Karachi importing will be around the USD 1.2 Mn marker. A lot of tonnage is not only ballasting into the area but also in play in the active local market, so when some naphtha came along at the beginning of the week, we were not that surprised to see some initial relaxing of TC5 with freight down to WS 210 for an older ship and WS 220 for AG/Singapore. Balance of the week some rallying off of the busy local stuff, which led to WS 240 being agreed for Singapore discharge, a 17.5-20-point lift off the floor. Westbound has been quieter but owners are asking for significant premiums to get out of this high earning local market - as a result USD 4.95 Mn has been agreed for Sikka/UKC via Cape. A lot of secret deals are happening, which is a telltale sign of charterers keen to limit the extent of their cargo exposure to this highly strung market. A very good outlook remains for next week.

The Southeast Asia MR market has been bustling this week, evidenced by increased activity attributed to refinery turnarounds. Despite the arbitrage for a gasoline Korea/USWC run being closed caused by cheaper pricing from the USG, a transpacific fixture has been concluded originating from Singapore this week. The tonnage list has also thinned considerably with charterers and owners at a standstill on long-haul stems, awaiting one side to yield. A Singapore/Australia run has edged up 10 WS points to WS 315, primarily due to limited tonnage options and reduced interest from owners willing to commit for longer periods of time.

It was a disjointed week for the MRs with several holidays in Europe, nevertheless the list has slowly managed to take some shape. A steady flow of cargo enquiry has helped cover some of the gaps and there is limited choice for a last clean, modern MR with a firm itinerary. TC2 has managed to push back up to WS 195 and the potential is there for more. With the Med market very lively at present paying far greater returns, we could see owners send ships south to secure certain stems. The potential is there for rates to move up further.

		BDTI	BCTI	
		1155	996	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)	TKR/LRG	TKR/MED	TKR/SML	
This week	520.5	530.6	535.8	
Δ W-O-W	0.4	0.8	0.4	
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	51,005	↑Firmer
TD6	Black Sea / Med	135,000	40,231	↑Firmer
TD8	Kuwait / Sing.	80,000	43,130	↑Firmer
TD9	Caribs / US Gulf	70,000	35,395	↓Softer
TD14	Asia / Australia	70,000	35,013	↓Softer
TD20	WAF / Cont	130,000	42,971	↑Firmer
TD22	USG / China	270,000	47,958	↑Firmer
TD25	USG / Cont	70,000	42,323	↓Softer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	59,307	↑Firmer
TC2	Cont / USAC	37,000	23,268	↑Firmer
TC5	ME Gulf / Japan	55,000	40,402	↑Firmer
TC6	Algeria / EU Med	30,000	39,657	↑Firmer
TC7	Sing. / ECA	30,000	38,972	↑Firmer
TC8	ME Gulf / UKC	65,000	64,327	↑Firmer
TC23	ARA / UKC	30,000	35,641	↑Firmer