AFFINITY TANKER WEEKLY

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Affinity Research LLP, 44th Floor,
The Leadenhall Building, 122 Leadenhall Street,
London, EC3A 8EE, United Kingdom

T. +44 203 142 0100
F. +44 203 142 0101

E. research@affinityship.com
W. affinityship.com

Crude Tanker Comments

VLCCs were little slow out the blocks this morning after a bit more of a negative week after corrections down to WS 60s for TD3C. There was only one Indian cargo working market-wide today with rumours of another off early dates. We should see a few ships disappearing off the list from over the weekend as the bulk of the remaining first decade stems will have likely been addressed, possibly a little more today before the week is through. The sentiment today was very split with a standoff developing due to owners doing their best to give charterers a hard time through temptation to hold on to see the potential fruits of next week. Still, charterers will be looking to make hay after the long weekend in the UK. Will have to see come Tuesday how the cards have been dealt, while eyes remain on the length of the list.

Restricted volume has limited owners from making any further gains on TD20 in the second half of this week, despite the tighter list of Gibraltar and UKC vessels. By way of 'safe' tonnage supplementation, next week is set to start with a more friendly list for charterers, but when factoring we could see an active week in the buildup to Posidonia, we could see rates pick back up in WAF. In the Med, the Suezmax market has been busy, which ultimately sponged some tonnage and allowed owners to push rates on across both sizes. Delays ex Trieste and the lack of safe itineraries will likely continue to be a key factor keeping the market warm as we enter the new week.

The USG is ending the week on a drastically tighter note when compared to the start. Around 10 cargoes were worked and owners were able to push rates up to WS 82.5 levels. However, we suspect we could be drawing closer to the top - a weak Afra floor, dropping to the equivalent of 145 x 75 levels, could push charterers that have flexibility to move either 70 KT or 145 KT to opt for quoting on the smaller sizes, ultimately undermining prospective Smax volume and limiting momentum.

East of Suez, the AG has also been active. It's been a busy end to the week both above and below the surface and the already tight list has been eroded leaving almost zero advertised FOC vessels. Considering the minimal number of vessels expected to set sail over the course of the weekend, we could see rates pick up as a result on TD23 (C/C). In the other direction, Aframaxes are geared to firm on eastbound runs, providing Suezmax owners with a solid footing, and with the tighter list of Suezmax vessels, they will be keen to push rates higher.

Med Afras had an incredibly busy start to the week with over 16+ cargoes worked on Monday alone, which propelled X-Med rates up by over 40 WS points to WS 240 levels. However, with the market getting noticeably quieter on Thursday, it remains to be seen which way the market will turn, especially with the long weekend looming in the UK and Posidonia at the end of the next week. For now, dates are well covered in the natural window for Libya, but given the disruptions in the next two weeks it is likely that many will try and fix forwards where possible.

Despite some activity giving hope for a substantial rebound, the North Sea fell quiet once again in the second half of the week, with rumours of only one private cargo working. As Med rates remain steady the potential for rates here to firm has decreased although there is still an imbalance in TCE to the tune of over USD 31,000 per day for an Eco ship between the Med and the North Sea.

Product Tanker Comments

It has been quality over quantity for the AG LR2s this week. There have been smaller volumes, but they have packed a punch. Westbound runs are pretty much at the top (aside from end January) close to hitting the heights of nigh on USD 8 Mn, but surely, we should start to see some pragmatism soon from owners as these numbers are too good to miss out on. TC1 has also firmed with WS 270 being fixed this week, a 20 WS point rise this week. TCE returns for run are in the low USD 70,000 per day levels. East Africa has also firmed with WS 290 on subs at the time writing. Given the tightness present within the list, this continues to support these lofty ideas, but an uptick in volumes would be welcomed early next week.

It's been a similar story for the LR1s this week, with not huge amount of actual fixing, but what has been done has pushed freight levels increasingly higher with each deal. TC5 went on subs at WS 270, but this needed to be replaced due to clearance issues and that came at a 20 WS points premium, with WS 295 on subjects now. This gives TCE returns of circa USD 57,000 per day. Westbound levels are in the USD 5-6 Mn levels. The list remains incredibly thin here and the overall freight outlook remains positive.

It was a rather subdued week for the North Asia MR market. Despite the steady influx of enquiries, sentiments remained flat due to the long list of available tonnage for the natural fixing window. While sentiments remain flat for now, Chinese exports have been lagging with the exception of multiple PetroChina stems leading the way. We expect more Chinese exports next week after the June programs are finalized. A backhaul Korea/Singapore replacement job has been done today at USD 925,000 after some midweek softening, maintaining the initial subjects rates from a week ago. Additionally, AG LRs have proved to significantly contribute to pushing freight rates upwards for LRs in the Far East, which is likely to drive an increase in demand for MRs.

The Southeast Asia MR market experienced an active week with a good increase in fresh cargos quoted. While freight rates stayed relatively flat this week with TC7 being repeated at WS 310, the strong run in the AG market coupled with the increased cargo enquiries for long haul stems has led to a gradual depletion of tonnage availability. This has made it increasingly difficult for charterers to seek cover and will likely result in firming sentiments. The outlook remains dependent on how long the run in the AG is sustained and if cargo activity remains healthy next week.

The UKC MR market was quiet early on and slipped to WS 175 for transatlantic TC2 movements, however it finished the week on a strong foot and the list now is looking tight. Freight will have to go up on the basis of Med/TA now at WS 235 but remains to be seen to what.

Med Handies have been steady throughout the week at WS 225-230 levels for TC6. However, the list has gradually tightened throughout with deals done below the radar, and the situation is slightly firmer as the week draws to a close, with levels now paying around WS 235 for X-Med.

	BDTI	BCTI
	1234	1020
Δ W-O-W	↑Firmer	↓Softer

BDA (USD/LDT)	TKR/LRG	TKR/MED	TKR/SML
This week	523.9	532.6	538.2
Δ W-O-W	2.5	1.7	2.2

BALTIC TCE DIRTY

	Route	Qnt	$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	47,236	↓Softer
TD6	Black Sea / Med	135,000	50,319	↑Firmer
TD8	Kuwait / Sing.	80,000	50,109	↑Firmer
TD9	Caribs / US Gulf	70,000	21,663	↓Softer
TD14	Asia / Australia	70,000	42,360	↑Firmer
TD20	WAF / Cont	130,000	43,948	↑Firmer
TD22	USG / China	270,000	50,083	↓Softer
TD25	USG / Cont	70,000	35,715	↓Softer

BALTIC TCE CLEAN

	Route	Qnt	$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	73,673	↑Firmer
TC2	Cont / USAC	37,000	19,733	↓Softer
TC5	ME Gulf / Japan	55,000	56,248	↑Firmer
TC6	Algeria / EU Med	30,000	33,209	↓Softer
TC7	Sing. / ECA	30,000	39,111	↑Firmer
TC8	ME Gulf / UKC	65,000	80,223	↓Softer
TC23	ARA / UKC	30,000	29,261	↓Softer