



Crude Tanker Comments

A long weekend in the UK which did seemingly bring a slow start for VLCCs – add to this the natural swelling of tonnage over that stretch meant that charterers had the bit between their teeth and have pressured levels throughout.

Despite Tuesday onwards being much busier, owners were aware of the challenge and most cargoes were pulling towards / in excess of double digit offers. Every fresh deal chipped away further as owners had to be on the aggressive side to secure whichever business they felt was right for them, culminating in Formosa achieving a lowly WS 51 ex-MEG on Thursday for a compromised and older vessel.

Although it seems fairly unanimous that modern/FOC vessels will command a decent premium over this level it's still likely to be proven that we may have lost about 10 WS points week-on-week with next TD3C expected to land in the mid-high WS 50's, whilst the longer run ex-WAF should demand a few points premium.

Owners will look towards positivity and strong rates on Afras and Suezmaxes both East and West; we have seen already VLCC owners there to play on part-cargoes ex-MEG and further cross-over will probably be needed to arrest this slide.

The muted period in WAF ultimately took its toll on TD20, while the tonnage complexion was leaning on the tighter side, a flat USG market pushed vessels off Gibraltar and UKC positions to focus on better TCEs earnings in WAF, providing more options for what little pre Posidonia volume was left - last done TD20 at WS 114.

Stateside, WS 80 has been achieved on a USG/TA replacement with the Suezmaxes. While the list is now tighter, as the fixing window moves further into the second decade, workable options do extend slightly into the beginning of next week. However, Suezmax owners are well supported by the firming Afras to keep the 145kt market buoyant.

The AG has been incredibly active and is ending the week on a very firm note as the list is the tightest it's been in recent months. 20T lifters with safe itineraries are extremely sparse with zero expected supplementation over the weekend, and with volume still reported outstanding in the market, owners will be keen to push rates further. Eastbound, owners have been able to capitalise on the firmer market fundamentals, and while the TD8 firms in tandem beneath, a softening VLCC market could prospectively stifle momentum for Suezmaxes next week.

Med Afras had a very active start to another short week. However, Thursday saw a slight breather in the market while X-Med rates started to fix around last done in the WS 235 levels. The list is fairly balanced, but X-Med dates have shifted on. With the US on the rise, it's unlikely that the Med will continue to be bolstered by significant North Sea ballasters.

The North Sea continues to do what it does best: repeat. Action has been constant locally and with ships drawn to the Med and the USG things are starting to look better. In fact, the list lacks usual key X-NSea players but for now there is just about enough tonnage to keep a lid on rates.

Product Tanker Comments

LR2 demand started with cautious optimism on Monday but this energy really petered out from mid-week onwards. Rates have suffered which in part were brought on with charterers optimising clean up tonnage that really took some steam out of those ideas from those holding full clean history vessels. We started out with fully clean tonnage dropping to secure USD 6.9 Mn on subs from Kuwait/UKC but then a clean-up agreed USD 6.6 Mn from Ruwais midweek. TC1 has barely been tested but one deal has been agreed at WS 250, which represented a 20 WS points slip from last week's numbers. The Red Sea has similarly been calmer with Gizan throughput not live this week so there is one stem working away ex-Yanbu where we feel that something under 4 Mn would be realistic even if a little more time is needed to calm down the owners initial ideas. There are a host of good ships in ballast from Australia, far East and especially West via Cape for arrival in to Middle Eastern/Indian Markets around 12-18 June so we would have to start next week with this bearish point of view still in mind.

There has been a real dearth of demand on the LR1 sector this week. Precious little has gone around and today we see the result with around USD 400,000 off last done levels for westbound with USD 4.85 Mn agreed on subs this morning for Kuwait/UKC off a market call. In conjunction with a lack of local activity, we are also aware of a lack of Naphtha to this week; one lucky owner managed to get WS 295 subs lifted from last week's subs deal but today we would have to suggest that next done would be more like WS 275 or less when looking at relative returns. The LR1 fleet has benefitted from routinely thin lists and while we are not overloaded with tonnage we will however see more ships to work with on Monday then charterers are usually been used to; so some further discounts could be plausible if all the travelling next week is also coupled with this continued downturn in cargo demand.

It has been a strong week for the MRs in the Southeast with the AG market providing good support for most of the week. The tonnage list was tight up till mid-June especially for quality vessels applying a good deal of upwards pressure on freight rates. TC7 inched up 5 points to get on subjects at WS 315 while Muara/Australia is on subjects at WS 317.5. There are some fears that sentiments may shift as the AG market is starting to soften and the tonnage list looking more replenished for the next fixing window. That being said, outlook remains firm for now with momentum likely to carry forward from this week.

It was a very busy start to the week on the MRs with signs of real promise as cargo enquiry spiked, but naturally volumes decreased as the week progressed as charterers look to limit excessive rate growth. TC2 edged up to WS 200 with WAF and Brazil closing the week with a +20-25 WS points premium. Almost overnight, we have seen the US market gain significant strength, TC14 now rated at WS 270, so we should see more owners ballasting to the gulf for attractive rates. As the Med market continues its strong performance, it is only natural that WAF ballasters look for ex-Med business rather than ex-North which should squeeze tonnage lists in NWE significantly.

		BDTI	BCTI	
		1241	1023	
Δ W-O-W		↑Firmer	↑Firmer	
BDA				
(USD/LDT)		TKR/LRG	TKR/MED	TKR/SML
This week		525.3	533.4	539.0
Δ W-O-W		1.4	0.8	0.8
BALTIC TCE DIRTY				
	Route	Qnt	\$ / Day	W-O-W
TD3C	ME Gulf / China	270,000	35,245	↓Softer
TD6	Black Sea / Med	135,000	50,725	↑Firmer
TD8	Kuwait / Sing.	80,000	54,086	↑Firmer
TD9	Caribs / US Gulf	70,000	34,504	↑Firmer
TD14	Asia / Australia	70,000	43,383	↑Firmer
TD20	WAF / Cont	130,000	46,836	↑Firmer
TD22	USG / China	270,000	45,442	↓Softer
TD25	USG / Cont	70,000	48,136	↑Firmer
BALTIC TCE CLEAN				
	Route	Qnt	\$ / Day	W-O-W
TC1	ME Gulf / Japan	75,000	59,619	↓Softer
TC2	Cont / USAC	37,000	22,953	↑Firmer
TC5	ME Gulf / Japan	55,000	45,686	↓Softer
TC6	Algeria / EU Med	30,000	46,987	↑Firmer
TC7	Sing. / ECA	30,000	40,128	↑Firmer
TC8	ME Gulf / UKC	65,000	60,177	↓Softer
TC23	ARA / UKC	30,000	29,620	↑Firmer